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## Near East/South Asia Report

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9 April 1986

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EGYPT

PRESS DISPUTES, HAYKAL RETURN TO PRINT DISCUSSED

London AL-MAJALLAH in Arabic 25-31 Dec 85 pp 70-71

[Article: "Struggle on Columns of Egyptian Press: Outwardly 'Political' and Inwardly 'Personal'"]

[Text] Cairo--Observers expect the Egyptian press arena to witness considerable activity in the next few months. New publishing houses have begun their activities, new papers have begun their countdown, and prominent journalists who had disappeared because of political circumstances are on their way back to their readers.

One of the factors expected to make the press arena hotter is the intensifying competition between the partisan papers on the one hand and the national papers on the other to attract the reader by exploiting the minimum limit of the margin of freedom available to them. Another factor is the intensifying battle between the partisan papers themselves.

There are now in Egypt six legitimate parties engaging in their activity in accordance with the parties law. Each of these parties has its mouthpiece. The first partisan paper was AL-AHRAR, which was published by the Social Liberal Party. It was followed by MISR, which was issued by the ruling Misr Party at the time and which came to a halt with the dissolution of the party.

At present, the Egyptian partisan paper with the highest circulation is AL-WAFD, organ of the New Wafd Party, with a circulation of approximately 1/2 million copies (450,000), according to statements by the paper itself. However, it is not easy to determine the newspaper's circulation in Egypt.

The partisan paper with the second highest circulation is AL-AHALI, mouthpiece of the leftist National Progressive Unionist Grouping, with an average circulation of 100,000 copies.

A struggle has been going on for a considerable time between AL-WAFD and AL-AHALI. This is normal, considering the tendency each paper represents. AL-WAFD is the right's mouthpiece whereas AL-AHALI is the left's mouthpiece. Whereas AL-WAFD flies the banner of the attack on the July revolution, its accomplishments, and Jamal 'Abd-al-Nasir, AL-AHALI stands in the face of this attack in an attempt to defend the July revolution and accuses AL-WAFD of aligning itself with the rich against society's toiling majority.

Thus, each newspaper's main preoccupation has become that of repelling the attack and refuting the accusation made by the other paper. The battle is not new but dates back to the end of the parliamentary elections which had dictated that all the opposition parties unite in order to insure seats in the parliament.

After those elections which took place at the end of May 1984, a clear conflict surfaced between the opposition forces and parties and was reflected in their papers. AL-SHA'B, the Labor Party organ, began to attack AL-AHALI, the Grouping Party's mouthpiece, and both attacked AL-WAFD.

AL-MAJALLAH interviewed a number of the journalists concerned. Muhsin Muhammad, an ex-chief editor of AL-JUMHURIYAH, said: "All this is normal because all these forces are conflicting forces which were united by electoral circumstances and by the desire to attain a percentage permitting them to enter the parliament. Therefore, it was natural for an agreement to take place and then to be turned into conflict and infighting in the post-election period."

Muhsin Muhammad asserted that this struggle is a healthy sign and an indication of development, saying: "Whereas the partisan papers used to attack the national papers, they now attack each other and the competition has intensified. This competition will undoubtedly lead to revealing the truth to the reader so that he may distinguish truth from falsehood in what is published on the newspaper pages."

The struggle between the partisan papers has given rise to the question: Will the papers regress to their pre-1952 form and will the honeymoon between them come to an end?

To answer the question, one has to backtrack a little. The partisan press in Egypt has an old history and Egypt was among the first Third World countries to adopt the multi-party system when the first parliamentary assembly was formed in 1923. The multiplicity of parties was coupled with the emergence of the opposition press. But in the wake of the revolution, Egypt embraced the single-party system and, consequently, the opposition press disappeared only to reappear when Anwar al-Sadat allowed the freedom to form parties. The opposition press had come to speak for these parties and it has gained an influential role in the political street, even though this role has not yet matched the role this press played prior to 1952. This is due to the limited role performed by the parties in the political street. Some have even described this press as a "press without parties."

As to the role which the opposition papers must play in order to be influential in the political street, political journalist Ahmad Baha'-al-Din said: "These papers must remain fundamentally papers addressed to a political public concerned with the issues they raise and must devote more attention to printing and form, provided that they are not turned into ordinary papers."

He added: "The partisan papers continue to focus on certain issues. They do not have the resources for independent printing. Therefore, their circulation



will continue to be influenced by the political seasons and by the presence of hot political issues in the arena."

Dr Khalil Sabat, a professor of journalism at the Information College, stressed that "the opposition papers are wrong in their approach to news reports because the crushed Egyptian citizen who suffers great hardships in his daily life looks in the newspaper for the report that helps him alleviate his hardship. This is something which the partisan press has not realized yet."

Dr Sabat added: "This is a reason for the drop in the partisan papers' circulation--a circulation that does not represent a good percentage in comparison with what it should be. These papers give the reader no hope of a better future. They focus on the poor aspects of society to such a degree that the vigilant reader finds that there is no salvation from these poor conditions."

Mustafa Amin refuted this accusation and stressed that "the opposition papers have played an important role in an endeavor to establish real democracy in Egypt. However, we must not forget that they encountered tribulations and crises and that they returned to life and stability only a short time ago after they had been suspended, confiscated, and saddled with enormous financial losses."

Ibrahim Shukri, the Labor Party chairman, said: "What Dr Sabat said is true to a degree. But my opinion is that countering the doses of criticism, which some say are given without mitigation or dilution to make them palatable, there are all the national papers, which some call governmental, that frequently offer 'rosy' pictures. Thus, we can create some sort of cooperation [presumably meaning balance]."

Shukri added: "If we add to the national papers what is broadcast by the various media, including radio and television, we find that what is published in all the opposition papers does not amount in terms of capabilities to one-tenth of the capabilities of the means available to the government party."

All the press circles are watching the current situation cautiously now that the chief editors of the opposition papers come from one school, namely AL-AKHBAR school. These chief editors include Mustafa Shardi, the chief editor of AL-WAFD; Mahmud 'Awad, the chief editor of AL-AHRAR; and 'Adil Husayn, the chief editor of AL-SHA'B." The question is: will the disciples of the same tributary fight?

Even though the struggle between the partisan papers seems to be strong and fierce, it is obviously marginal when compared with the declared war between the partisan papers and the national papers. Musa Sabri, the ex-chairman of AL-AKHBAR Executive Board, is one of this war's most prominent knights. It seems that he has opened fire on all the partisan papers and that none of them has escaped his biting criticism which he continues to be entitled to publish in AL-AKHBAR.

AL-MAJALLAH has learned that he was the primary instigator of the problem of combining work in the national press and the partisan press and that his instigation reached the point of motivating President Husni Mubarak to instruct

Dr Subhi 'Abd-al-Hakim to put an end to the phenomenon of combining work in the national and partisan papers.

Even though the dispute between the national and partisan papers is outwardly political, its motives may be personal. This explains the secret behind Musa Sabri's biting attack on Khalid Muhyi-al-Din and Fu'ad Siraj-al-Din, even though Sabri denies this and says that his personal relations with all those who attack him are good, rather excellent, and that when they meet in gatherings their meetings are always warm. But this does not preclude expressing one's viewpoints, even sharply, because the issue is ultimately one of viewpoints and not an issue of personal disputes.

This is confirmed by the step taken by Ibrahim Sa'dah, the chief editor of Cairo's AKHBAR AL-YAWM, who invited writer Muhammad Hasanayn Haykal to resume writing his weekly article, "Frankly Speaking." Sa'dah said: "This was a personal, not a political, decision, contrary to what some people thought. There are no absolute invariables or absolute hostilities. Therefore, there is no objection to Haykal resuming "Frankly Speaking" in AKHBAR AL-YAWM, the newspaper which led the war on Haykal after he published "The Autumn of Wrath."

Despite this position on the part of Ibrahim Sa'dah, the information available to AL-MAJALLAH indicates that a political decision was made to ban Haykal from writing finally when the report of his resuming publication evoked fierce political reactions because some thought that Haykal's return of the Nasirist era, one of whose symbols is embodied in Haykal. Therefore, a decision was made not to allow Haykal to resume publication again.

But whether Haykal returns or not, this does not disprove that personal disputes ultimately overwhelm the democratic style of dialogue experienced by the Egyptian press. Expressing his opinion on the battle, one writer finally told us: "The difference of opinion does not ruin the cause of friendship. Our main issue is development. No personal differences encountering our system of implementation should concern us as long as the objective is the same, namely to work for Egypt's good."

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EGYPT

#### DANGER OF UNDERGROUND ECONOMY ANALYZED

London AL-SHARQ AL-AWSAT in Arabic 31 Jan 86 p 4

[Article by 'Imad-al-Din Adib: "Egypt in 1986: Major Confrontation Between 'National Economy' and 'Underground Economy'" ]

[Text] Cairo--The Economy has never been as much the axis of politics as it is these days. Since Muhammad 'Ali Pasha modernized the Egyptian economy, all of the country's challenges have centered primarily on independence and on the liberation of the national soil. At present, the social issue projects itself with the force of the segments reflecting it.

What is new this time is that the struggle of the social forces in Egypt is not just a struggle for control of the market, i.e. control of the laws of supply and demand, but a struggle that seeks to steer the rudder at the level of political decision making.

Under the canopy of this struggle activity, Egyptian President Muhammad Husni Mubarak deals with the parties in a delicate quadrangle, namely the presidential institution, the ruling party, the businessmen, and the opposition. All compete to influence the man in the street, who is striving for a better livelihood. A number of questions surface here: What is the position of the four parties to the debate? What is the nature of the language of dealing and dialogue among them? What is the businessmen's influence on political decision making? What is the presidential institution's position toward them? What is the impact of this debate on the Egyptian economy? Why hasn't the disagreement been settled? What is the stance of the various factions of the Egyptian opposition toward this debate?

This report from Cairo is an endeavor to dot the i's and cross the t's and to offer a future picture of the ongoing debate over what may be called the "Egyptian underground economy."

One cannot talk of the Egyptian economy at present without backtracking to the early 1960's when a blow was dealt against Egyptian business and feudal capitalism through what became known at the time as the nationalization decrees for a transformation to socialism.

As a result of that blow, Egyptian capitalism split into three tendencies:

The first tendency was to emigrate from Egypt for good and to start a business abroad, relying on capital previously smuggled out of the country or on business connections.

The second tendency was to stay in Egypt and freeze business activity, living off some assets that had not been affected by the nationalization process. This tendency continued to be one of a watcher waiting for the opportunity to return.

The third tendency was embodied in an active group of capitalists who were able, through their connections with some symbols of the Egyptian military establishment who had gained prominent civilian positions in the production and service sectors, to carry on with their role through private-sector projects producing goods subsidized by the state. This group also became active in the contracting sector, considering that the state cannot shoulder alone the burden of building and construction.

When the late President Muhammad Anwar al-Sadat assumed power in Egypt, he launched a series of measures which affected the three groups into which Egyptian capitalists had split.

The decrees lifting sequestrations and ending a number of nationalization measures and the launching of the so-called open-door economy measures came as an invitation to the factions of Egyptian capitalists to resume their roles--roles which were supposed to be calculated and defined by the invitation maker. But what actually happened is that the invitation to Egyptian capitalists to return was an open invitation, with no controls or guarantees for or against it.

As a result, the positions of the three currents of Egyptian capitalism during al-Sadat's era varied as follows:

The first tendency, which had left Egypt, returned to engage in part in some activities timidly and to probe the pulse of the business market. Most of the activities of this returning part centered on representing foreign firms, considering that this activity is the safest activity in case the market experiences a coup and regresses to its previous condition. Most of those who had launched business ventures abroad began to deal with the Egyptian market but maintained their position abroad. They dealt with the Egyptian market as an impermanent and unstable market.

The second tendency, which had stayed in Egypt and had frozen its activity, resumed its activity, using the real estate and agricultural assets returned to it after the elimination of the sequestration at a time when the value of these assets had escalated, especially in the wake of the October 1973 war when the value increased 7-fold to 10-fold their value at the time of sequestration. This tendency entered the Egyptian business market with the logic of settling the historical vendetta against the economic system which had undermined this tendency's interests for more than 10 years.

As for the third tendency, which had been able to "arrange its affairs" with the beneficiaries of the Nasirist era, it also managed to establish a broad

segment of interests with al-Sadat administration's men and launched what the U.S. WALL STREET JOURNAL described in January 1982 as "the biggest movement for plundering the Egyptian economy."

This group has been able to establish what is known scientifically as the Egyptian underground economy.

There continued to exist in Egypt some men who agreed with this or that minister of finance during al-Sadat administration in order to adopt economic decrees capable of raising the demand for foreign currency in which those men traded in return for a certain share of the profit for the minister himself.

During the same period, the government imported subsidized construction materials which were reexported upon arrival at the ports to a foreign country to be sold there at the market price for the benefit of a prominent businessman.

That period also witnessed the rise of the following groups of symbols of the Egyptian underground economy:

1. A group of businessmen who accumulated their capital from the U.S. AID program. This program gave rise to a group of businessmen who followed the rules of the U.S. market, not the Egyptian market.
2. Contractors relying in their activities in the sphere of building and construction on government credit facilities which were unfair by virtue of the nature of the economic projects themselves.
3. The foreign banks (more than 60 banks) which were founded in Egypt in accordance with the investment laws advanced credit facilities to consumer projects having no connection with the national production plan needed by the country.
4. Some businessmen's exploitation of the credit facilities advanced by the national banks in local currency and their use of those credits to purchase foreign currencies and trade them in the black market, thus causing the price of the U.S. dollar to rise from 72 piasters in January 1978 to 183 piasters in January 1986.

In a society where priority is given to foreign currency in the sale of real estate or in the purchase of foreign goods requiring foreign currency, the demand for foreign currency has grown extremely strong and the purchasing power of the Egyptian pound has declined.

5. Seven successive cabinets under the late President Anwar al-Sadat's administration financed the budget with deficits, relying on aid, loans, and grants. Egypt's indebtedness thus rose to more than \$24 billion, requiring annual installments to service the debt interest.

## Underground Economy Game

A secret economy is what Dr (Vito Tanzi), the director of the IMF's Financial Policies Department, calls an underground economy.

The underground economy is defined as the economic corruption group. The scientific interpretation of this is: corruption of the administrative agencies, corruption of conscience, corruption of transactions and the unfitness of goods purchased and sold. This type of corruption incorporates two levels of activities. The first level includes a number of activities rejected by every society, such as smuggling, drug trafficking, crime, blackmail, robbery, gambling, and counterfeiting.

The second level includes a group of activities emanating from a lack of loyalty to and affiliation with society, such as tax and customs evasion, the exploitation of loopholes in the laws and the circumvention of laws and regulations.

Dr Midhat Hasanayn, a professor at the American University of Cairo, said in an extremely important study on this issue, published by AL-AHRAM AL-IQTISADI on 16 December 1985:

"A third level of underground economic activity can be added, namely legitimate activity practiced illegally, such as land and real estate speculation and the hoarding of essential goods and foodstuffs with the purpose of creating a shortage of supply in order to influence prices and reap vast profits."

According to international statistics, the underground economy represents 7-10 percent of the national incomes of France, the Soviet Union, Britain, West Germany, and Norway. This percentage rises to 20 percent in the United States, Canada, and Italy whereas it does not exceed 5 percent in Japan.

Dr Midhat Hasanayn also said in his study: "In our estimate, the Egyptian underground economy, embodied in the contraband trade, in commissions, in land speculation, in customs and tax evasion, in circumvention of the laws, in the outlets of the Port Said free zone, in the currency trade, and in the black market for subsidized essential goods, amounts to one-half of the national economy."

If Dr Hasanayn's figure is correct, then this means that one-half of Egypt's national income is controlled by forces that do not represent the state or the private sector which operates openly and legally.

This also means three fearful facts:

First, those who earn this income are subject to no tax system.

Second, they are stronger than the open public sector and, consequently, constitute a pressure group capable of steering the economic market and the national economy to serve their narrow selfish interests that are unrelated to any scientific and planned concept of economic development.

Here we come to the important question: How did the owners of the underground economy recently play serious and open roles against the interest of the Egyptian economy? This is an interesting story.

#### Commission Rate

At the Car Club, one of the most prominent private clubs, located on Qasr al-Nil Street in the Egyptian capital, a heated debate took place among a select group of politicians, economists, and businessmen around the dinner table of a Lebanese businessman who has lived in Cairo for years.

The parties to the debate were comprised of an economic official, a former minister, three Egyptian businessmen, and the host, i.e., the Lebanese businessman.

The subject of the debate was the percentage of the commission any middleman may collect in any commercial transaction in accordance with the traditions of the international business market.

The question was: Is 35 percent of the total value of a transaction a high or a reasonable commission percentage?

The investor required to pay the percentage said: The legal commission for any business middleman starts with 1 percent and reaches 10 percent as a maximum. Three factors determine the commission rate:

1. The volume of the transaction.
2. The nature of the effort made by the middleman.
3. The middleman's negotiating capability

The investor then asserted: "I have never in my life heard of a middleman's commission rate amounting to 35 percent of the total value of a transaction."

The "middleman's" viewpoint was that if it had not been for him, there would have been no transaction and that if it had not been for his status and reputation in society and for his connections, the investor would not have been able to get the deal. He said that he was not excessive in his demand.

This kind of dialogue is, of course, a refined model of the many tug-of-war acts that occur between numerous groups of Egyptian businessmen.

A former minister of economy told AL-SHARQ AL-AWSAT: "The party that shoulders the burden of the excess in middleman commissions and in prices is the ultimate consumer of the basic goods in Egypt."

The former minister added: "Those who play the commissions game are not, of course, concerned if the commission rises by 5 or 10 percent as long as the commission will be added to the bill paid by the poor man in the street."

All this is happening in a national economy facing numerous challenges whose main features can be summed up in the following:

1. The presence of an imbalance between exports and imports. Confirmed figures show that Egypt imported last year goods valued at \$11.5 billion whereas it exported in the same period the equivalent of \$4 billion.
2. There has been a drop in the world oil price, thus causing Egypt to lose nearly \$100 million last year. Moreover, Suez Canal revenues have declined by nearly \$200 million.
3. The operation against the "Achille Lauro," the Italian cruise ship, and the hijacking of the Egyptian airliner to Valetta airfield affected tourism activity in the second half of last year. It is expected that this decline will continue until this coming spring.
4. The remittances to Egypt from Egyptians working in the Arab countries have dropped because of the drop in the number of Egyptian workers in these countries.
5. The successive cabinets since 1981 have given priority of construction and financing to the country's vital services and utilities. The new Egyptian electricity plants have cost more than 3 billion Egyptian pounds, the sewerage network more than 4 billion pounds, and the telephone network 2 billion pounds.

The diversion of these resources to the services sector, instead of the agricultural or industrial investment sector, will, of course, affect the development plan.

The leaders of the ruling party in Egypt respond to this by saying: "The daily problems putting pressure on the Egyptian citizen cannot be ignored. At the same time, the required economic development process should not be ignored. This is why the current cabinet's economic policy establishes a balance between repair of the services and utilities on the one hand and development and investment on the other."

6. Then there is the major problem facing the Egyptian economy, namely the problem of the cost of subsidizing foodstuffs.

One of the hardest things for any state is to import more than one-third of its essential foodstuffs.

Egypt's wheat production meets only 22 percent of the consumption needs and the country's rice production is barely enough. As for sugar, Egypt produces one-half of its market needs and imports the other half.

What makes the situation more difficult is that food prices in the world markets have been rising without any calculated rules or controls that can be anticipated in advance. This affects the importing countries, like Egypt.



## Playing Openly

Under the canopy of an economy with these features and of the endeavor to pass through the stifling bottleneck Egypt has been facing since the October 1970 war, the Egyptian businessmen are playing a dangerous game, paying no heed to the serious situation and not realizing the dimensions of their actions.

Instead of embarking on the process of "saving the Egyptian national economy," the businessmen have been engaging in acts that have undermined the country's economy:

1. In a major market such as the Egyptian market where the volume of the transactions amounted last year to more than 19 billion Egyptian pounds (12 billions belonging to the state and 7 billions to the private sector), it is stunning to know that the sum of taxes collected amounts to 140 million pounds! The available information demonstrates that the size of tax evasion amounted to 1.5 billion Egyptian pounds because most of the Egyptian private sector's transactions are in the categories of the underground economy which cannot be taxed.

2. The major part of the businessmen's capital goes for the purchase of foreign currency from the black market, thus reducing the purchasing power of the Egyptian pound last year by 37 percent, according to the experts' estimates.

Rida Hilal said in a report published by AL-AHRAM AL-IQTISADI that Egypt imported last year 3 billion pounds' worth of drugs and white poisons (port delivery price). He estimates that the profit margin for imported drugs is more than 1,500 percent.

All this has created in Egypt a segment that has accumulated vast sums of money, but without a productive effort, without production assets, without projects creating work opportunities, without investments and revenues on which the state can collect fees and taxes, and without products meeting the market need, reducing imports and encouraging exports.

This deep economic abyss is the source of extreme political and social danger. It is the biggest challenge facing not only the Egyptian government but also what may be called the "capitalism of 1986."

A prominent businessman said: "The crisis of the Egyptian capitalism of 1986 lies in the fact that it is a capitalism without social commitment."

This businessman added: Look at the Carnegies and Rockefellers in the United States, the stronghold of world capitalism, and you will find that they spent vast sums building schools, public libraries, or hospitals and encouraging scientific research. This is the social responsibility that capitalists should shoulder in order that a split may not develop in society and that the gap may not widen.

## Open or Closed Door

It is no secret that there is a tug-of-war between the so-called businessmen's association and the government.

It is also no secret that the "businessmen's club," embodied in the association, tries to attract many government members to its ranks.

It is, moreover, no secret that the presidential institution in Cairo is having a fierce argument with the businessmen.

What do the businessmen want and what does President Mubarak's administration want?

The businessmen want four specific demands:

1. Abolition of all the laws obstructing investment
2. Opening up of the business market and import activity in an absolute manner.
3. No state monopolization of certain projects or of certain shares of domestic trade.
4. Termination of the Socialist Prosecutor Agency's activities against businessmen and a closing of the corruption dossiers.

On the other hand, the presidential institution demands that the businessmen do the following:

1. Stop freezing the business market's activity.
2. Operate in the sphere of production projects.
3. Pay the set taxes and customs fees.
4. Stop black market speculation in foreign currency.
5. Stop smuggling money out of the country.

Who will respond to the other's demands? Who will succumb to the other side's pressures? Is a compromise possible?

This is the debate whose outcome the Egyptian street is awaiting with extraordinary interest.

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LIBYA

## USSR, LIBYA SIGN PROTOCOL ON POLITICAL CONSULTATIONS

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH  
SOTSIALISTICHESKIKH RESPUBLIK (OTDEL VTOROY) in Russian No 1, 1986 pp 3-4

[Text] On political consultations between the Union of Soviet Socialist  
Republics and the Socialist People's Libyan Arab Jamahiriyah

The Union of Soviet Socialist Republics and the Socialist People's Libyan Arab Jamahiriyah prompted by the strong aspiration to strengthen the existing relations of friendship, based on the principles of mutual respect, equality and mutual benefit, in accordance with the aims and principles of the United Nations, continuing the struggle against all forms of colonialism, neocolonialism, Zionism, racism, and for freedom of peoples, for social progress and for consolidating the people's sovereignty, wishing to develop contacts and consultations between corresponding foreign policy organs of both states with the goal of consolidating peace in the whole world and making their own contribution to strengthening the unity of socialist and all progressive peaceloving forces, agree to the following:

1. The sides will carry out consultations on international problems, representing mutual interest, as well as on questions of bilateral relations by direct contacts, including the following:

--problems of a political, economic, scientific-technical and cultural character, involving relations between the two countries;

--problems of averting nuclear war, stopping the arms race and barring militarization of space;

--the situation in the Middle East, in Africa, in the region of the Mediterranean and in Europe.

2. Carrying out consultations will be ensured respectively through the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics and through the People's Bureau for Foreign Liaison of the Socialist People's Libyan Arab Jamahiriyah. The sides are to agree on the subject, level, and times for these consultations through diplomatic channels.

3. Consultations will be carried out between the sides in order to contribute to the efforts of the countries of the socialist community, progressive forces of Arab states, nonaligned states, and other peaceloving forces, directed toward supporting international peace and security and to opposing the intrigues of imperialism, Zionism, and racism, and for ensuring international cooperation.

4. Consultations will also be carried out between delegations of both countries in international organizations and international forums with the aim of coordinating positions on problems to be discussed in accordance with the principles of their foreign policies.

5. Consultations will be carried out in turn in Moscow and Tripoli not less than once a year and at any time when the need arises.

6. The current Protocol goes into effect on the day it is signed.

Completed in Moscow on 14 October 1985, which corresponds to 29 Muharram of the year 1395 after the death of the Prophet, in two copies, each in Russian and Arabic, so that both texts have identical effect.

For the Union of Soviet Socialist Republics  
E.A. Shevardnadze

For the Socialist People's Libyan Arab Jamahiriyah  
'Ali 'Abd al-Salam al-Turayki

/9599

CSO: 1807/191

LIBYA

#### AGRICULTURAL BANK LOANS FOR 1985 REVIEWED

Tripoli AL-FAJR AL-JADID in Arabic 5 Feb 86 p 6

[Article by Sulayman Khazzam: "The Agricultural Bank Gives 168 Million Dinars in Loans to the Farmers To Advance the Agricultural Sector in the Jamahiriyah"]

[Text] The agricultural loans granted by the Agricultural Bank from the start of the Great 1 September Revolution until the end of 1985 amounts to 168,988,000 dinars.

The Agricultural Bank offers three principle agricultural loans that help to serve the economic trends and changes that have taken root in the new socialist society.

Agricultural Bank sources mentioned that the bank offers short, medium, and long-term loans. It grants short-term loans to farmers with the goal of providing what agricultural activities require, the supplementing of materials, and necessary requirements to carry out agricultural work for one agricultural season. These items include loans for the agricultural harvests, beekeeping and sheep and chicken raising.

The amount of short-term loans that have been granted to farmers since the revolution until the end of 1985 has reached 80,187,000 dinars. Agricultural Bank sources mentioned that medium-term loans are granted for things that have as their goal the provision of tools and farm machinery to realize an advance in agricultural activity to participate in reclamation and planting of large areas of land and to compensate for the shortage in the work force.

These loans are granted to individual farmers and agricultural congresses. They are paid back after 4 years in the case of individuals, and after 5 years in the case of the agricultural congresses. These loans are used for purchasing trucks for the agricultural congresses, dairy cattle, poultry yards, and for building glass greenhouses.

The size of these loans that the Agricultural Bank has granted since the revolution to the end of last year reached 57,076,000 dinars to buy tractors, plowing tools, industrial rain pipe, apiaries, and special equipment for chicken coops, and the like.

The Agricultural Bank also grants other loans. These are long-term loans that enable the farmers and agronomists to build and improve farms, and to build poultry yards for eggs and meat. These loans are paid back over 15 years from the date they are given to the farmer and agronomist.

The amount of these long-term loans granted since the revolution until the end of 1985 has reached 22,019,000 dinars, to dig and deepen wells, to build reservoirs and irrigation canals, livestock pens; to plant fruit trees, and to reclaim and level land.

The source added that the Agricultural Bank is granting other loans for building chicken coops, totaling 540 coops for both poultry hatcheries and farms, from 1973 until 1982. Each farm has a capacity of between 6,000 and 10,000 birds. The money spent to build these farms has reached 96,600,000 dinars.

In addition, the Agricultural Bank offers loans and credit facilities to the agricultural congresses to enable them to give needed services to their farmer and agronomist members, to provide machinery and necessities for agricultural and livestock production. The amount of these loans granted from 1976 until the end of 1985 reached 26,395,000 dinars.

Agricultural Bank sources added that the bank offered support to agricultural production requirements. This support has reached, since the Great 1 September Revolution until the end of last year, 183,077,000 dinars, to enable farmers to purchase and raise fodder, chemical fertilizers, insecticides, and to lay electric lines, and other services that farming and agriculture require.

These various agricultural loans are granted to the farmers and agronomists to provide the maximum amount of food and total reliance on national agricultural production, to achieve the saying, "There is no freedom for a people who eats food from beyond its borders."

13013/8309

CSO: 4504/206

LIBYA

# REPORT ON TREE PLANTING CAMPAIGN

Tripoli AL-FAJR AL-JADID in Arabic 5 Feb 86 p 6

[Article: "23 Million Tree Saplings Planted in All Regions of the Jamahiriya"]

[Text] Sources at the General People's Committee for Agricultural Cultivation and Land Reclamation mentioned that the number of trees planted in the campaigns organized by the popular groups in the different regions of the Jamahiriya reached 23 million saplings as of yesterday.

These sources also confirmed that the planting campaigns are still continuing in planting large numbers of forest and fruit trees.

More than 27,342 forest tree saplings were planted in the Wadi al-Hayrah and al-Majanin agricultural project. With that, the number of saplings planted in al-'Aziziyah municipality reached 1,338,886 saplings.

The total of those saplings planted in the projects of al-Fatih municipality reached about 995,000, including 269,000 trees to block the wind in the south of al-Abyar.

In the al-Fatih program in al-Marj, 55,779 fruit saplings--peaches, pears and grapes--were planted. Some 789,000 fruit tree saplings were planted in the agricultural sphere program, in addition to the planting of 469,000 acacia trees, stone pines, and other trees that were planted as part of the agricultural sphere program.

That which has been planted in the al-Awsat agricultural program in the municipality of al-Fatih during this festival included the planting of about 32,740 hectares: about 27,840 hectares of wheat; and 4,900 hectares of barley.

The cultivation of the South al-Abyar project was completed during this season with the planting of 800 kantars of barley in an area of 1,600 hectares.

As part of the tree-planting effort in the municipality of Misratah, the members of the basic international and Arab conferences in the municipality of Misratah planted thousands of fruit and forest tree saplings.

In the city of Sabratah, the female students and male employees and producers of the health institute planted 25,000 saplings in the Saniyat al-Ghar district south of Sabratah. With that, the total of saplings planted in this region reached 130,000.

Volunteers of the local defense and mobilization and the workers in al-Khums municipality planted 25,980 trees yesterday, Sunday.

In addition, 17,700 fruit trees were distributed to farmers in al-Khums. Sources at the People's Committee for Cultivation and Land Reclamation in al-Khums municipality mentioned that the number of trees that have been planted until now in the municipality have reached 1,296,300 forest and fruit trees, and that yesterday in al-'Aziziyah municipality 83,000 trees were planted in the al-'Aziziyah, Wadi al-Majanin, and al-Hayrah projects.

With this, the total number of saplings planted in al-'Aziziyah municipality has so far reached 1,250,529. The tree planting campaigns are still underway in all parts of the Jamahiriyah.

In the municipality of Gharyan the number of saplings of fruit trees planted reached 196,061, while the number of forest trees planted reached 472,742: 51,196 olive trees; 48,025 apple trees; 17,250 pear trees; 1,250 psoralea bituminosa; 1,195 peach trees; 2,155 fig trees; 28,460 almond trees; 46,540 grape vines; 379,567 pine trees; 22,000 acadia trees; 42,175 Qatf [artiplex hortensis] trees, and 29,000 cinchona trees. The planting campaigns are still going on until the decreed aim of this season is realized.

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MOROCCO

NATION'S GRAIN PRODUCTION, SHORTFALLS ANALYZED

Rabat AL-'ALAM in Arabic 12 Feb 86 p 3

[Article by Ahmed Chiki: "Grain in Morocco: Production and Subsidies"]

[Text] Great optimism prevails in agricultural circles this year concerning the results to be realized by the current agricultural season, 1985-6, because of the voluminous rain that fell at the appropriate time and also because of the peasants' receptivity to planting activities to a large degree.

While it is difficult for us to predict what the results of this season will be, since we are in the initial stages of it, and this is the area of specialization of experts in the agricultural field, it would be good for us to go back to last season's results and compare it with previous ones in order to inform the reader about the most important part of the agricultural sector, which is grain production, the way in which this grain is marketed domestically, the foreign trade in this grain and the grain aid Morocco receives from certain government or international organizations. The production of the main grains (durum wheat, soft wheat, barley and corn) in the 1984-85 season came to a total of 46.1 million quintars, thereby occupying third place among the best crops since 1974.

One can break this production down as follows. There were 12,072,000 quintars of durum wheat, meaning an increase in the harvest of this commodity from the previous season, when it did not exceed 11,713,000 quintars, but it was somewhat less than the durum wheat Morocco produced in the 1982-83 season, when it came to 12,385,000 quintars, and the 1981-82 season, when it came to 14,061,000 quintars. However, this 1984-85 durum wheat production was farmed on an area which according to preliminary estimates came to 1,135,800 hectares, that is, gave a yield of about 10.6 quintars per hectare. With respect to soft wheat, its production in the past agricultural season came to 10,154,000 quintars, which is consequently considered to be absolutely the best production of soft wheat Morocco has experienced since it began planting it, since in the best of cases that had not previously exceeded 8,182,000 quintars, the crop which was recorded in the season before last, followed by the 1982-83 season, which came to 7,318,000 quintars, then the yield of the 1981-82 season, which came to 7,772,000 quintars. In terms of

area allotted to this type of grain, it should be observed that it was farmed over the greatest area in the past agricultural season, a total of 783,000 hectares, for a high yield which came to about 13 quintars per hectare.

As regards barley, this type of major grain in turn experienced substantial production in the 1984-85 season in comparison with the previous ones, since it rose to about 21,079,000 over an area which is considered to rank third, in the course of 11 years, in terms of area allocated to this type, or 2,298,400 hectares, as compared with the previous season's yield, which came to 14,046,000 quintars on the total area allocated to it, which was 2,126,000 hectares, meaning that the per-hectare barley yield came to about 9.2 quintars per hectare in the 1984-85 season, while in the season preceding that it was less, amounting to no more than 6.9 quintars per hectare. However, by far the best per-hectare yield of this commodity Morocco has experienced was that recorded in the 1975-6 season, when it came to 13.5 quintars per hectare. The highest per-hectare yield of barley recorded in recent years, which were characterized by drought, remains the yield of the 1981-82 agricultural season, when it came to 11.4 quintars per hectare.

As regards corn, production of that registered an improvement in comparison with that experienced in recent years, especially the years characterized by a shortage of rain, that is, beginning in the late seventies. That was because corn production rose in the 1984-85 season to 2,811,000 quintars, produced by a total area which throughout the regions of the country as a whole came to 396,200 hectares, as compared with a crop of 2.64 million quintars in the 1983-84 season, over a total area of 383,600 hectares. That is, the per-hectare yield at that time was 6.9 quintars per hectare, while in the subsequent season it rose to 7.1 quintars per hectare. The 1975-76 crop remains the best corn crop Morocco has experienced yet, since it came to a total of 4,920,500 quintars, while the crop yielded by the 1980-81 season was in general the smallest and skimpiest one since it did not amount to more than 897,000 quintars, with a yield that did not exceed 2.5 quintars per hectare.

When we move over to grain marketing procedures in the country, we will find that the total volumes marketed in the 1984-85 agricultural season, the period ranging from June 1984 to 15 March 1985, came to 4,369,611 quintars, of which 4,227,445 were of the main grains, that is, accounted for 96.75 percent of the total quantities marketed. That means a drop of 7.17 percent in comparison with the same period of the 1983-84 agricultural season, when the volume of grains which were marketed came to 4,707,231 quintars, of which the main grains alone accounted for 4,534,584 quintars, thus representing 96.25 percent of the total grains marketed, recording a drop of 35 percent in the latter relative to the 1982-83 season, when the quantities marketed came to 7,747,242 quintars. The drop which occurred in marketing between the 1983-84 and 1984-85 seasons included durum wheat, with a ratio of 15.46 percent, and soft wheat, with a ratio of 8.47 percent. Soft wheat heads the list in terms of grains marketed in the latest agricultural season, accounting for 2.46 percent of total grains marketed and thus representing an increase relative to the 1983-84 season, where this strain did not exceed 68 percent of the total marketed, then followed by corn, whose marketing share accounted for 12.18 percent while in the 1983-84 season it accounted for only 10.91

percent and as a consequence occupied third place in terms of grain marketed. Then there was durum wheat, with 8.97 percent, thereby recording a retrenchment relative to the 1983-84 season, when it occupied third place in terms of marketing, with 11 percent. Finally there was barley, with 6.38 percent; that is the same rank it occupied in the 1983-84 season, with a similar share, which was 6.33 percent.

The rate of participation by merchants, cooperative companies and mills in these marketing activities varied. In the 1984-85 season, it came to 48.32 percent in the case of merchants and 45.05 percent in the case of cooperative companies, while the mills participated at a rate of 6.63 percent, which included durum wheat marketing in particular. Thus the rates by which cooperative companies and merchants participated remained comparable to those at which they had participated in the 1983-84 season, when they came to 45.09 and 45.03 percent, respectively. The mills' activity recorded a perceptible rise in the 1984-85 season through their direct purchase of durum wheat.

With respect to the centers in which these quantities of grain were marketed, both the Fez and Meknes centers experienced concentrated activity, since 922,688 and 745,210 quintars of soft wheat were marketed in these centers respectively; thus, they together accounted for 47 percent of the total soft wheat sold throughout the nation in the 1983-84 season.

The Fez center alone exclusively enjoyed a characteristic which took the form of its being the only center which marketed, and still markets, large quantities of durum wheat. In the 1983-84 season, 473,937 quintars were marketed in this center, which accounted for 82 percent of the quantities of durum wheat sold in all our country's markets. As regards barley and corn, the Province of Casablanca is considered the main center among those in which large volumes of the two commodities are marketed. The Province of Rabat is also considered a relatively important center as far as corn marketing goes, since the total volumes of this commodity marketed in the 1983-84 season totalled 168,662 quintars. As regards the prices at which the main grains were marketed, these differ from year to year. If we compare grain prices for the 1983-84 season with those for the 1984-85 season, we will observe that the latter rose perceptibly in all centers and that the rates of the increase varied according to the center and the type of grain; the free market prices of local durum wheat, in which transactions are subject to the law of supply and demand, rose in the Fez center, for example, from 173 dirhams per quintar in the 1983-84 season to 210 dirhams per quintar in the 1984-85 agricultural season. Meanwhile, the price of the same commodity in the Meknes center rose from 190 dirhams per quintar in the 1983-84 season to 232 dirhams per quintar in the 1984-85 season, that is, an increase of 22.1 percent. The price of durum wheat in the Marrakesh center also moved from 188 dirhams per quintar in the 1983-84 season to 252 dirhams per quintar in the 1984-85 season. As regards barley, it is to be noted that that moved, for example in the Fez center, from 128 dirhams per quintar in the 1983-84 agricultural season to 141 dirhams per quintar in the 1984-85 season, that is, an increase of 10.15 percent, while in the Marrakesh center it increased from 136 dirhams per quintar in the 1983-84 season to 155 dirhams per quintar in the 1984-85 season, that is, an increase of 13.97 percent. The same was

the case with regard to the prices of corn. In the Oujda center, for example, these rose from 139 dirhams to 160 dirhams per qintar, that is, an increase of 15.11 percent. In the Rabat center they rose from 150 dirhams per qintar in the 1983-84 agricultural season to 178 dirhams per qintar in the 1984-85 season, that is, by an 18.66 percent increase.

In general, the prices of durum wheat, barley and corn in various centers, in the case of the 1983-84 season, ranged between 173 dirhams per qintar of durum wheat as a minimum price, the price recorded in the Fez center, and 206 dirhams per qintar as a maximum price, which was recorded in the Agadir center. Meanwhile, the prices of the same commodity ranged in the 1984-85 season between 210 dirhams per qintar as a minimum price, recorded in the Fez center also, and 262 dirhams per qintar as a maximum price, recorded in the Oujda center. The prices of barley, with respect to the 1983-84 agricultural season, ranged between 125 dirhams per qintar as a minimum and 152 dirhams per qintar as a maximum, while in the 1984-85 season this commodity recorded 138 dirhams per qintar as a minimum price and 170 dirhams per qintar as a maximum. As regards corn, that experienced the same trend. Its price in the 1983-84 season was between 150 dirhams per qintar and 172 dirhams per qintar, whereas it experienced a difference in the 1984-85 season that ranged from 176 dirhams as a minimum price to 192 dirhams as a maximum. We should not fail to point out here that the government, besides the free market which has been created, sets the official market prices each year, and these are prices which in turn experience an increase from year to year. To explain that, we should point out that the price of soft wheat and durum wheat was officially set at 150 dirhams per qintar in the 1983-84 season and respectively registered an increase of 7.14 percent in comparison with the prices of the same grain in the 1982-83 season. As regards the official prices of barley and corn, these were set at 110 and 130 dirhams per qintar, respectively, in the 1983-84 season, and consequently experienced an increase estimated at 10 and 30 percent in comparison with the prices of these grain types in the 1982-83 season. Thus, it is noted that the official prices, while experiencing an increase from year to year, as we pointed out, remain lower than the prices prevailing within the free market, which has been witnessing a spectacular rise as a result of speculation, which leads to damage to consumers, who represent the low- and average-income classes of the people. We might mention here that the government-guaranteed prices of grain are applied to unpackaged goods which are received at the warehouses of the cooperatives or the receiving merchants located in the centers of consumption. When needed, it is possible to apply increases or reductions to this price, according to quality and the degree of mediocrity of the commodity. The amounts added to the basic price are considered an addition to them, as compensation and encouragement for the quality and difference in the commodity. The sums deducted from this price are in effect a reduction in it whose goal is to downplay spoiled commodities. However, no change has occurred in the scheduling of these amounts, whether by addition or subtraction, since 1980, that is, when the price of soft wheat was set at 125 dirhams per qintar, prompting the owners of industrial mills repeatedly to demand a review in their scheduling, since the quality of the wheat, whether produced locally or imported, does not justify the standards agreed upon, which are still in effect. The price of imported barley for livestock growers in Morocco which is allotted to these growers upon relinquishment or

release to these growers and has been put at the disposal of cooperatives for the account of the livestock growing department has been set at 112.05 dirhams per qintar, and that has included random compensation at 10.50 dirhams per qintar.

As regards foreign trade in grain, in view of the increasing requirements of domestic demand in Morocco, because of what the mediocre nature of local grain production accounts for on the one hand, and the rise in the rate of demographic explosion which, according to the 1982 statistics, has come to 3.4 percent in the nation as a whole and the changes accompanying this population growth which have occurred in consumer habits within Morocco's population, our country has continued to import substantial amounts of all types of grain which differ in terms of quantity and quality from year to year, as they differ in terms of source.

Morocco's import receipts for the 1981-82 season remain by far the greatest to have been brought in from abroad during the past 5 years, since they came to 27,282,600 qintars, including soft and durum wheat, barley and corn, in addition to rice, of which 582,833 qintars were soft wheat and 4,000 qintars barley in the form of aid to which the United States of America, Canada, West Germany, Spain, the European Common Market and lastly the United Nations organization contributed, while 26,659,767 qintars consisted of purchases from the United States of America, France, Britain and Tunisia, consequently costing the government budget 2,454,700,000 dirhams. However, the current season, that is, the 1982-83 agricultural season, registered a drop in the volumes of imported grains, since the amount imported dropped to 14,231,080 qintars, that is, a reduction of 47.84 percent, of which 59,000 qintars were soft wheat and 41,527 qintars were rice in the form of food aid.

The remainder, that is, 14,130,553 qintars, consisted of purchases which cost Morocco 1,306,410,000 dirhams. The explanation for this drop in the amounts imported by Morocco may be that the production of the previous agricultural season, that is, 1981-82 (47.6 million qintars), in addition to the amounts imported, managed in a relative sense to respond to consumers' needs. In the 1983-84 season, the figure on grain imports once again rose, to 21,706,252 qintars, that is, an increase of 52.53 percent, of which 264,629 qintars were soft wheat, 50,000 qintars consisted of aid, and the rest constituted purchases which cost the budget 2,480,030,000 dirhams. As regards the latest, 1984-85 season, Morocco's imports came to 20,360,713, that is, a drop of 6.19 percent, in comparison with the imports of the season preceding that; of this, 17,530 were durum wheat and 99,885 barley in the form of food aid. The remaining 20,169,163 constituted the country's purchases for this season and consequently cost 2,669,760,000 dirhams. However, with respect to the latest season, it is observed that Morocco's imports no longer consist of just the four main types of grain but also for the first time have included forage wheat, of which Morocco brought in 107,600 qintars at a cost of 13.17 million dirhams, as well as white corn, of which 141,980 qintars were bought for 16,113,000 dirhams. Our country's imports for the 1984-85 agricultural season were financed in the context of loans granted by the United States of America and France. The United States of America, in accordance with the two agreements concluded on 2 and 19

February 1984, which are related to providing Morocco with agricultural food product financing, has supplied us with 1.71 million quintars of soft wheat and 428,115 quintars of barley, financed in the context of what are known as PL 480 loans. In addition, 14.05 million quintars of American soft wheat were purchased, of which 8.32 million quintars were in the context of incorporated loans and 6.17 million quintars were in the context of the guaranteed GSM-102 loans. In the case of France, our country has brought in 203 million quintars, of which 501,127 were of barley financed in the context of what are called COFACE loans. In general, the loans granted by the United States of America and France were allocated last season to the purchase of 18.68 million quintars, 95 percent of which were of soft wheat. As regards food aid, in the agricultural season, as we have pointed out, 99,885 quintars of barley reached our country from the economic group, and it was given 17,530 quintars of soft wheat in the context of the international food program PAM, whose source was the United States of America as well, 74,135 quintars of durum wheat, whose source was Italy, 50,000 quintars of soft wheat from Spain and 50,000 quintars of rice from Japan.

Regarding the quantities processed by industrial mills, we observe that between June 1984 and April 1985 these came to a total of 23,460,612 quintars, 98.53 percent of which was soft wheat and 1.47 percent durum wheat. That means an increase of 6.46 percent in the volume milled relative to the 1983-84 agricultural season, since the volumes planted in the course of it came to 22,035,979 quintars. This increase in particular included soft wheat, which increased by 7.4 percent, while the volumes of durum wheat declined by approximately 33 percent in comparison with the quantities of this commodity milled in the 1983-84 season.

Meanwhile, the share of the volumes of soft wheat imported during the 1982-83 season that were milled came to about 67.9 percent relative to the total volumes milled.

Thus, it is apparent that the most important characteristic of the production of the main grains in our country is its slow development, which ranges from increases at times to declines at other times owing to numerous factors, natural or human, such as the phenomenon of drought, the spread of noxious and poisonous weeds, which constitute an obstacle to growth, and the poor exploitation of land allocated to grain cultivation, from which a scarcity in the bounties of the land results. We also find that the areas allocated to grain cultivation, which annually exceed 4.5 million hectares, thereby accounting for the main portion of the land allocated to farming in general, which comes to 7.7 million hectares, are considered of mediocre yield in the case of all types of grain, since a single hectare, in the best of cases, does not exceed 13.5 quintars, a most sparse yield in comparison with the yield a single hectare of wheat provides, for example, in some other countries, such as France, where a single hectare yields more than 60 quintars of wheat, and America, where it exceeds 25 quintars. This mediocre level of yield points out that grain production in our country for the most part still takes place in accordance with backward work methods and techniques which are not in keeping with the requirements of the age. This makes further effort mandatory on the part of people concerned with the agricultural sector, with the goal of raising the per-hectare yield so that Morocco

will be able to meet its domestic requirements without resorting to covering them through the food aid some countries and international bodies offer it or by purchasing large volumes and paying their invoices in hard currency which absorb a large part of the country's budget.

11887

CSO: 4504/215

TUNISIA

GOVERNMENT INTERVENTION IN UNION DECISIONS CONDEMNED

Tunis AL-RA'Y in Arabic 7 Feb 86 p 8

[Article: "Abdesselem Jrad Describes the Course of Change in the Secretariat General"]

[Text] The recent resolutions of the administrative board of the Tunisian General Federation of Labor which met last 12 January, reinstating Mr Habib Achour as secretary general of the labor organization, provoked great controversy among union men in the street concerning the extent to which this measure was legitimate and lawful.

In this context, we were contacted by Mr Abdesselem Jrad, member of the executive committee of the federation in charge of bylaws, with an explanatory statement regarding the subject. This is the most important part included in it:

Following the change made in the executive committee of the Tunisian General Federation of Labor, with the approval of our brother Habib Achour as secretary general, a number of rumors and interpretations have circulated on the legality of this operation. In order to eliminate all ambiguity, the bylaws of the general federation has considered that these explanations should be offered so that the union members and public opinion would be totally informed of the validity and lawfulness of the operation and so that a limit would be placed on all auctioneering. It also wishes to describe the situation regarding the recent developments the federation has experienced, which basically arise from the boycott the government resolved upon following the 20 January 1986 meeting and the events that followed it.

The Legal Process of Change

With respect to the change, it is worth pointing out that the enlarged executive board which has the power to make the change met on Saturday 11 January 1986, reviewed the point and delegated the elected executive board to carry out this operation, after the failure of the efforts made by the government and the federation, by means of which the federation had hoped that the 4 December 1985 agreement, which the government had committed itself to, would be applied. The general federation's national administrative board met



on 12 January 1986 to study in depth the difficult state to which the negotiations had deteriorated because of the government's rigidity, which proved that the situation was not related to the person of the secretary general, whom it had refused to deal with, according to its statement, but that the basic goal was to strike out at the organization and its symbols, fragment its legitimate agencies and deliver the coup de grace to sacred union rights.

Among the things it endorsed, the administrative board approved allegiance to our brother Habib Achour as secretary general of the federation with the assertion that the administrative board, by its nature, contained all the secretaries general of the leagues and general unions or people acting in their place, the secretaries general of the regional federations, in their capacities as members of the expanded executive committee, and the members of the elected executive board. The secretaries general of regional federations who attended (who were the overwhelming majority) unanimously approved the resolution on the change, asserting that no one among the members of the expanded executive committee opposed this change, since no conflict between the position of the administrative board and that of the elected executive board existed.

The executive committee met and approved the assignment it had been given by the expanded executive board on making the change, which, subsequent to that, assumed clear legal formulation. The meeting of the executive board was in fact held, and in the course of it our brother Sadek Allouche declared that he was relinquishing the secretariat general, in keeping with the decree of the administrative board and the delegation of the expanded executive board. He maintained his position as official in charge of foreign relations.

It is worth pointing out that the executive board meeting on Monday 20 January decided to summon the expanded executive board to a session on Wednesday to inform it of the process by which the change was carried out and study the latest new developments in depth. Thus it is apparent that the process of change was carried out in legal form in accordance with the federation's laws and that it was not marred by any ambiguity. There is no doubt, either, that it met with approval on the part of all the higher agencies of the federation and therefore is something that has been decided on, and its case has ended and been settled by the union members, who do not approve of attempts to cast doubts and fragment ranks by fabricating erroneous, biased interpretations which have the goal of diverting them from continuing to perform their sacred union duty.

As regards the prime minister's invitation to the executive board to attend the meeting on 20 January, the subject of that, as far as the general federation goes, is internal. With the participation of other parties, if they are union bodies belonging to the Tunisian General Federation of Labor, this invitation must be reviewed by the command of the federation (that is, the executive committee which organizes, decides and keeps a list of the names of the participants), and the government must not play the federation's role and attempt to invest individuals who are alien to the labor organization with a legal character. That will have the effect of obstructing the task of

conciliation and unification and further deepening rifts, since the process, if it takes place, is to be considered a violation and infringement of the laws of the Tunisian General Federation of Labor. If these people are union members and have the right to express their views, they must respect the federation's laws, which have been approved by the highest authority in the organization, the national conference.

#### The Exceptional Conference Is a Grave Infringement

Since the meeting is purely an internal matter, it is possible to proceed with it or adopt any decision only in accordance with union rules, through all the agencies running the federation, up to the conference. In addition, the executive board cannot infringe on the federation's constitution and bylaws.

As to the point raised at this meeting concerning the formation of a committee to prepare conferences for basic unions and sectoral and regional agencies in preparation for the exceptional national conference, that contradicts the federation's laws and is considered a grave infringement on the workers' organization's bylaws and constitution, especially as regards the holding of an exceptional general federation conference, since an exceptional conference can be held only at the request of two thirds of the members of an exceptional national conference, with attention to the rule of proportional representation. It is not possible either to hold an exceptional conference by withdrawing confidence from the elected executive board or dissolving it. Apart from that, if a quorum is not present in the executive board, after a vacancy of more than half has occurred, it is then permissible for a national council to meet to prepare for the inevitable exceptional national conference. Thus it is clear that the appeal for unification remains one of the unionists' inherent functions and must pass through legal and lawful frameworks. The executive board's failure to attend the 20 January 1986 meeting is not to be considered a rift between itself and the government. Rather, it occurred as a sanctification of the laws and independence of the federation, especially since the composition of such a meeting would not facilitate the unification process. We also do not mean by independence enmity toward others. Rather, it is strict adherence to the stipulation of the rules and it is in keeping with democratic action, which protects all organizations from shock and chaos. It is also necessary to stress that the executive board has expressed its readiness to meet the prime minister anytime to discuss existing problems, but its request was not met with acceptance. This readiness underlines the concern to rise above the crisis and good intentions on creating an honorable solution to the pending dispute with the government. Nothing is more indicative of that than the consideration which has been expressed on a number of occasions on the need to avoid clashes and choose a language of dialogue, and its adherence to the law and failure to react, in order to avoid complicating the crisis.

However, the rift the executive board worked earnestly to avoid unfortunately occurred by the government's doing at the 20 January 1986 meeting. The executive board bears no responsibility for this; rather, it is the government alone that bears the responsibility.

We should not miss the opportunity, either, to condemn and draw attention to the process of fragmentation of the role of the regional federations and the takeover of the federation's property, especially that which occurred after 20 January 1986. That is to be considered a grave precedent in trampling underfoot the country's constitution, which stipulates that public and individual freedoms are to be respected and individuals and property are to be protected. We might point out that the Tunisian General Federation of Labor is a people's mass organization of long standing which is recognized by law domestically and abroad and derives the legitimacy of its existence from workers and union members and no one else. No other party can dominate it and subject it to its wishes.

The phenomenon of seizure, raids and appropriation of property will without a doubt introduce chaos and fear for public and individual freedoms into people's spirits. For that reason, we urge the government to review such practices, abstain from them and work to respect the laws which alone will guarantee civilized coexistence among all parties. We also call on it to negotiate with the workers' legitimate representatives, who were elected in free democratic elections, from the basic unions through all personnel up to the elected executive board, the legitimacy of whose elections is challenged by no union member, since it is the sole representative of the workers and their official spokesman.

Whatever the situation might be, the executive board, which has borne the hardship of running the organization's affairs and has preserved its independence of decisionmaking and democracy of action within it, will always continue to adhere to the principles the working class has imposed on it out of concern for action within the framework of legitimacy and legality, thereby showing attention to the interests of the workers and the nation.

[Signed] Assistant Secretary General  
Office of Bylaws  
Abesselem Jrad

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TUNISIA

BRIEFS

DOMESTIC SHIPBUILDING--Tunisian technicians at the Soconima complex in Manzel Bourguiba have constructed the first 100 percent Tunisian cruiser. This cruiser will be inaugurated during the visit to Tunisia which the president of Gabon, El Hadj Omar Bongo, will start tomorrow. He will travel to Soconima in the company of Mr Mohamed Mzali. It appears that strong cooperation is to develop in the mechanical and technical areas between Tunisia and Gabon, in addition of course to other vital areas on which agreement was reached during Mr Mohamed Mzali's visit to Gabon. [Text] [Tunis AL-SABAH in Arabic 23 Feb 86 p 2]

KUWAITI JUDICIARY DELEGATION--We have learned from an informed source in the Ministry of Justice that a Kuwaiti judiciary delegation will arrive in Tunisia Sunday on an official visit to Tunisia which will take a week, in the course of which it will become informed about the statute on judiciary activity and legislative conditions, in furtherance of the ties of brotherhood and cooperation between the two fraternal countries. Heading the Kuwaiti judiciary delegation is Mr Muhammad Yusuf al-Rifa'i, chairman of the supreme court of appeals. [Text] [Tunis AL-SABAH in Arabic 23 Feb 86 p 2]

OPPOSITION PARTY COMMITTEE--The opposition parties and movement held a press conference yesterday evening in the headquarters of the Communist party, attended by a large number of their members and a group of representatives of the Tunisian and foreign media. Participating in the press conference in the name of the movements and parties were Messrs Esmail Boulahya, for the Party of Democratic Socialists, Rached Ghannouchi of the Islamic Tendency, Mohamed Nafe of the Communist Party, Nadjib Chaabi of the Progressive Socialist Grouping and Djaloul Azouna of the Popular Unity Party. They stressed that the problems the country is going through, those connected with the unions and the economic and social problems, require extensive consultation on the part of all parties and all Tunisians, no matter what their political sentiments might be, in service of the national cause and in the interests of the country in general. They observed that the common denominators which unify the opposition elements on the united arena of combat are embodied in democratic reforms and the demand for a general legislative amnesty, solidarity with social issues and solidarity with the causes of national liberation such as support for the Palestine cause. A statement was issued by the opposition movements referring to all these broad steps. [Text] [Tunis AL-SABAH in Arabic 23 Feb 86 p 2]

IRAQ

DEPUTY PREMIER CALLS FOR ARAB UNITY, SOLIDARITY

London AL-TADAMUN in Arabic 1-7 Mar 86 pp 21-23

[Interview with First Deputy Premier Taha Yasin Ramadan by Akram Tahir Hassan: "Today's World Belongs to the Big Blocs and Little Principalities Are Disappearing"]

[Text] In an important conversation he gave on issues of industrial and economic integration in the Arab nation, Mr Taha Yasin Ramadan, member of the Revolutionary Command Council and first deputy prime minister of Iraq, considered that the logic of major blocs which the world consists of today will not allow the survival of little principalities and that the Arabs' interests are in their unification and in coordination and solidarity among themselves.

At the beginning of the conversation, after asking about the journalistic style in which this article would be produced, Mr Taha Yasin Ramadan said, "Will AL-TADAMUN meet economic officials among the brother Arabs?"

[AL-TADAMUN] Yes.

[Ramadan] Perhaps my statement will contradict that of some other Arab official as far as economic aspects go.

[AL-TADAMUN] AL-TADAMUN publishes people's opinions.

The conversation was as follows:

AL-TADAMUN: The Arabs' concerns are numerous, and one of them is Arab unity, for which the presence of material and economic bases of support is needed. Industry and manufacture may be among the most important of these bases and supports. How do you view the question of Arab industrial integration?

Taha Yasin Ramadan: As a politician with field experience in political activity and initiatives in its economic and industrial aspects, I consider that Arab unification is a political decision and economic integration represents the spirit which will make political decisionmaking mature and integrated. At the same time, economic integration and unification constitute the basic

guarantee. Many political decisions called for unification and sooner or later ended in failure, because they were not founded on the basis of economic integration. Although we as Ba'thists view unity in a romantic spirit, we believe that unity also consists of interests. Arabs fight and sacrifice themselves for its sake not just when they find it to be a mere slogan on behalf of which they are fighting, without feeling that it will benefit them. Arab unification is everyone's interest. It is wealth and power for poor people, strength, security and hope for the rich, and not as some rich people believe where they lose part of their money, so that it will go to the poor and the poor countries will be the only ones to benefit from unity. We do not believe that the rich countries will remain as they are, strong and guaranteeing their future, independence and freedom, if they dispense with the poor ones.

In spite of all the conspiracies against unificationist thinking and the everyday struggle for unity, we find that the Arabs' unity remains the first and last way for the Arabs to regain their glory and power, especially since this is the era of major blocs from the economic standpoint, the political standpoint and the military standpoint, and in no way an era of principalities and small blocs. I assert my conviction that the coming stage will be that of the disappearance of a number of little principalities which are not fighting and cannot fully meet the requirements to survive and stay abreast of life, development and progress in this era. The role of the exploitation of major blocs will become prominent. What will the state of the Arab nation become while it is in this state of fragmentation, on top of the absence of a minimum of coordination and integration? All the requirements of unification and strength are available to the Arab nation. If it becomes united, its power will multiply economically and militarily. In the union between Egypt and Syria in 1958, had there been a serious degree of economic integration in the two sections of the republic, the secessionist conspiracy would not have been able to be prosecuted with such ease, especially had the union acquired a broad base of people in the two countries to defend itself, defend itself directly because it had realized their domestic and national interests. Therefore I consider economic unity, the beginning of which is economic coordination and integration, to be a necessity which has priority over all other activities.

If we talk about the industrial consideration, which constitutes the backbone of economic activity -- indeed, without industrial coordination and integration it is not possible for economic coordination and integration to be achieved and without industry the movement of labor and creation of expertise is not realized, nor is trade realized, nor are unification in plans and the proper investment of resources realized -- industry is the basis of the economy and consequently it, for its part, has priority within the priority that goes to economic activity. Therefore, since the beginning of the revolution, we have been viewing the issue of industrial coordination and integration in a serious manner, even ahead of the effort which has been made regarding the issue of coordination and integration in other economic activities. Proceeding from that premise, at an early time, we sought a meeting among industrialists in the Arab nation at an official level, that is, how can we develop the executive system and have it assume a better dimension and ability, and some flexibility, free from the restrictions and

red tape of the Arab League and its organizations? There was the idea of the Arab Organization for Industrial Development, which was called the Center for Arab Industrial Development. Iraq was basically the one which took the initiative to establish it and acted with enthusiasm in the course of 2 successive years in the councils of Arab ministers of industry until agreement was reached over the idea, by a majority, not by consensus, at the Cairo meeting in 1974 I believe. The objective was, how can we advance this activity in a better way? We also gave special importance to joint industrial projects and in spite of all the circumstances this country has gone through, Iraq did not try to stay aloof from participating and supporting any joint industrial company, even if it did not have any direct role in the territory of Iraq and the economy of Iraq, because we believe that the establishment of Arab industrial companies is a serious way of realizing industrial integration and coordination. However, is what has been realized so far at the desired level, or would it have been possible for more to have been realized than was realized? Most frankly, I can say that what has been realized is far below the level, and is below what it would have been possible to realize, and what could have been realized, had there been a desire and belief in the importance of this activity for Arab unification. I would like to refer to something very serious, which is that the magnitude of industrial coordination and joint activity between Arab countries as a whole and non-Arab countries is greater in terms of investment and joint industrial activity [than] among the Arab countries themselves. This criterion is enough for us to evaluate the volume of the activity of economic and industrial integration among Arab countries.

AL-TADAMUN: What is Iraq's role in this? What is your view regarding the actual state of coordination?

Taha Yasin Ramadan: Frankly, we must not be theoretical, because Iraq cannot be a substitute for the remaining Arab countries. First of all, that will be misunderstood. Secondly, that is not possible, because the matter is related to the decisions of all the Arab countries and these countries' policy and programs. I consider that academic coordination in industrial plans and programs in the Arab countries does not exist in the proper form and what is desired, and everything that is said about it, even through the Arab Organization for Industrial Development, is inaccurate, aimed at appearances, biased and preoccupied with matters which are not important. We need faith in this work and great confidence that it is important and necessary. In every joint Arab action, give and take is necessary and flexibility is necessary. By a given action or company, I will be relinquishing something within the notion of theoretical concessions, not ones of principle. Regarding another project, someone else will make a concession so that this project will be established, and another country will make the concession regarding another company. However, when we sit down, with each one of us wanting to be the one making the profit, in every sense of profitability, and in all the details, it is a natural thing that common action will face serious, real difficulties from this standpoint. I say that we as Arabs do not need more than the flexibility we observe with foreign companies and countries in establishing joint economic activities. If we exercise this same flexibility among Arab countries, we will realize a great amount of cooperation.

Certainly I can find that this subject deserves greater attention on the part of the Arab countries, preparation and presentation of serious ideas by the people concerned in the industrial sector in every country, and a more active role on the part of the Arab Organization for Industrial Development and Arab economic bodies, companies and joint economic councils, so that greater and better steps may be taken than the ones we are involved with now. The past years have taught us that no great work can be achieved except through greater effort with wide-ranging ability and competence. We are faced with strategic projects that have economic feasibility and rely on great investment, rely on great scope for consumption and rely on volume and quality of personnel. This can be achieved only when the efforts of a number of Arab countries, and not each country by itself, are joined together. For that reason, I believe that we have now reached a stage where this matter has become serious. The process of coordination first and basically in the industrial area among Arab countries and specifically in the context of strategic projects is now something that is more than pressing, if the Arabs want to proceed earnestly in the direction of unification, keep abreast of industrial development in the world at a good level, and indeed also contribute their minds and initiatives to international development in this regard.

AL-TADAMUN: At the beginning of the seventies, the Iraqi leadership issued a decree which was aimed at encouraging contributions by Arab investors, especially Gulf investors, in the Iraqi economic development process. Did the contribution of Arab investors measure up to the spirit of the decree?

Taha Yasin Ramadan: The goal in this law was not to acquire capital, as might have been understood had such a decree been issued in another country; rather, we found a possibility that such an approach might bring about an additional means for Arab coordination and integration. Rather than having businessmen who are Arab brothers, or a company in the private sector in a Gulf country, go to The Netherlands, for example, to engage in agriculture to produce fruit or some other produce, it would be better for them to come to their own country, Iraq, in which case their investment would bring them a profit and they would bring about integration on behalf of the Arab nation. When we want to establish such a project, we cannot do so in the context of the priorities of our regional view, because no priorities can be realized within the national view except through coordination and integration, although we do not neglect the national view in all our projects we establish, especially the strategic ones. Concerning your question on whether what has been realized has been in harmony with the spirit of the resolution, what has been realized is very limited. After the passage of this long period of time, because many economic and technical developments and numerous elements have occurred, we have studied this issue again, the law and all the successive decrees which have been issued in this regard, with the goal of issuing a unified law which is in harmony with the current circumstances and in the same national direction as far as this consideration goes. We hope that something will be achieved. I can stress once again that this desire on our part proceeds just from our feeling of the importance of Arab industrial coordination and integration, which we consider have priority within the context of economic coordination and integration.

AL-TADAMUN: Among the concerns of industrial and economic integration, the issue and tragedy of Arab labor stand out -- for instance, the surplus Arab



labor that exists in the Maghreb, the conditions of Arab labor in the European countries, and even the Arab labor present in some Arab countries. Do you believe that a specific solution is necessary, such as coordination among Arab countries and optimum proper employment in a manner which is in coordination with the establishment of projects?

Taha Yasin Ramadan: I have said that industrial coordination and integration as a common Arab activity must have priority within the context of economic coordination and integration that are expressive of activities in their totality, including the issue of labor flowing from one country to another and one area to another as it flows from one governorate to another within a single country. Therefore it is industrial activity that outlines the geography of movement. If we consider that the Arab nation is a single nation, it is not possible to establish an industrial project until a totality of elements is provided, such as primary materials, scope for consumption, means of communications and transport, exports and fuel. There is, of course, a difference in the nature of each project, but there are central elements, and consequently labor is one of these elements, but not like a basic element in this regard, if we consider that the locations for establishing this sort of industrial project, specifically the strategic projects, in a great, unlimited volume, must be chosen which will bring about better feasibility for them. I find that the flow of Arab labor must be unlimited, in the sense that while Arab countries set out legislation, laws and restrictions concerning the entry of foreign labor, which I believe is their right, and they must increase these restrictions, they must nonetheless give total flexibility and openness to the movement of Arab labor. In other words, I am not in favor of the conditions and rules which are put in the way of Arab labor in many Arab countries as they are put in the way of foreign labor, or cooperation on an equal basis in the flow of labor, because unfortunately when many Arab countries say foreign labor, they mean Arab and non-Arab labor. That is very serious, in the nationalist view, and therefore we now find Arab labor working in France, in Britain, in Italy and in West Germany, and we also find foreign labor from these and other countries in the Arab nation in a volume which is not much less than that of the Arab labor abroad. This does not mean that we do not need foreign labor at a specific technical level, and I do not say that it is wrong for us to have some Arab labor abroad for the sake of acquiring expertise, but not to the extent that exists now, which has not been planned for. When Arab labor goes abroad, it is not part of a common Arab program, as if we were sending them in given areas of specialization, that is, were sending 1,000 or 2,000 engineers and technicians to acquire 2 or 5 years' experience in Germany, in Italy or elsewhere; it would be proper for us to do that, or for us to bring in some thousands of laborers at a specific technical level into the Arab nation for the same purpose. Arab labor flows abroad because it finds the doors on the Arab stage closed to it and consequently it goes and works even with options which are not in harmony with its own abilities and resources. This entails great risk, in addition to its psychological risk for the Arab citizen when he becomes an alien for a few years, without a goal, outside the nation, and offers service other than to the nation; this situation has a great influence in the expatriate Arab's ties with the nation and the homeland. This, for its part, is one of the important, basic issues, but I say the more we can move the wheel of Arab industrial coordination and

integration forward, the more we will find ourselves faced with a positive situation regarding Arab labor and its movement.

AL-TADAMUN: Recently the phenomenon of competition among Arab producers in marketing phosphatic and petrochemical fertilizers in international markets has become conspicuous. Don't you believe in the need for coordination among producing countries or the establishment of a diminutive organization or federation specializing in this matter?

Taha Yasin Ramadan: I have an opinion regarding the large number of Arab organizations. At the beginning we were in favor of the establishment of industrial federations, when there were none. However, what happened later, in terms of their proliferation, diminished their importance and even the level of the people working in them. Unfortunately, the basic goal has been to create organizational structures so that some people can work in them. I am being frank in what I say. From the nationalist point of view, they have no existence, and what they say is just formality, framework. Therefore, unfortunately, I am not optimistic about Arab federations; in spite of that they are very necessary and should be considered a step, but they are not the end we seek. Rather, we want there to be specific federations at a good level, and not every industry should have a federation, or every minor point should have a federation and headquarters, where consequently attention toward them and their meetings and conferences becomes secondary and the level of the candidates working in them starts gradually to decline. However, the situation we find in phosphates we find in many industries. I said a little while ago that if the situation in past years was satisfactory to Arab officials and ministers of industry, since they were preoccupied with industries which did not have a nationwide dimension, consequently within the context of scope for consumption and an economic range, they managed to cover most of them within the framework of their own geography. However, when they try to move over to real industrial activity, keep abreast of development and really start with strategic industrial projects, they have no approach except joint Arab action in this realm or others. We will find ourselves faced with a conflict and a parting of the ways in the establishment of these projects and investments. We will be able to say that they have been invested in vain, that is, that they could have been invested in other areas. Now the phenomenon has appeared in specific projects where countries are not acquainted with one another, and each country believes that by establishing this project in this capacity it will benefit from the Arab stage. Within a while, we will then be faced with a dozen projects, each one of them covering half the Arab stage and creating competition, and a collapse will take place, because we know that some Arab industrial projects' potential in the first stage for competing outside the Arab nation is limited, I would not say out of the question or not possible. I would not say that we must not work. However, first of all, the Arab stage must be the arena of consumption, in a coordinated form where it will be possible to find scope outside the Arab nation. However, when there is conflict first of all on the Arab stage, I believe that when they move to the stage beyond the Arab nation, they will find themselves faced with competition among themselves first of all, and among other countries, which they will be unable to face, and we will find ourselves faced with wasted investments at a time when we need them, provided that they be distributed in a just manner, in accordance with

priorities and in a shrewd form. The situation that now exists in the marketing of phosphates, I am confident that if the situation remains as it is, we will find in other projects. If we want to establish an organization to coordinate marketing, we must ask first of all, if the projects have now become greater in number than consumer capacity, what is the benefit of coordination? We want coordination to begin before establishment of the plant is entered into, and not for us to begin coordinating with marketing after it is established. That means something that is secondary.

AL-TADAMUN: At the latest industrial investment conference, an appeal was presented to establish specific federations in the framework of the Arab Gulf area. How do you view the situation?

Taha Yasin Ramadan: From an economic view, not a political one, I do not support this idea. However, if it is tangential to Arab federations, it will become an organizational issue. If they are to resemble federations existing on their own in the context of regions like the Gulf and so forth, I believe that they will not respond to the Arab goal as far as the matter of industrial integration goes, and they will be serious, unless they are centrally guided and these agencies are instruments for serving the main agency. Then it will become a different matter.

AL-TADAMUN: A question related to Iraqi industry, where some time ago you directed technical bodies to prepare a study on the establishment of projects to produce means of production. Does entering into this area mean a great, important quantum leap in industry, and could we learn about what you have come up with?

Taha Yasin Ramadan: I believe that the industrial supports that have been established in the course of these years -- perhaps we are not satisfied with them, but in terms of volume, scope and quality, they do represent not a bad development. If we want to enter into the battle of real industry, in particular the creation of industrial personnel here, because we are still buying machines and bringing in foreign personnel to install them, and it is they who design, and, in the first stage, operate them, and after that hand them over to us, this process must come to an end, or at least we must stop here and start where other people began. I am not saying that we can suddenly become an industrial country in the sense of the 10 industrial countries, but we can enter on the road, or start on this road. Therefore, I find that we have made strides in the centers, the training centers and scientific faculties, and serious activity as far as changing the structure of technical labor in Iraq is concerned. This has all been during the past 10 years. We now have come to have something big here, more than any Arab country, while Iraq had been very backward in this matter, the pyramidal structure of technical labor had been inverted, and it had been very difficult and complicated and affected the course of work. Now, this situation, I would not say we have resolved it, but it has covered ground to a large extent and needs organization, development and guidance from time to time. Therefore, engaging in a new manner on starting with the manufacture of the means of production is the first step along the road for us to start the road of industry in Iraq. We began with the formation of a committee, and ideas are now being studied because this is not an easy matter. Rather, it is complex

and difficult and perhaps we need the expertise of others, Arabs and non-Arabs, different channels, technologies, and various individual theories in the first stages. However, we have considered it appropriate that we should begin with a simple paper which we as concerned Iraqis will discuss and will agree over specific indices which are considered similar to trends, then the agencies involved will start to operate within these orientations. I am confident of the possibility of achieving progress in this area.

AL-TADAMUN: Is the idea that a start should take place on existing projects and they should be developed, or will that occur through the establishment of other projects?

Taha Yasin Ramadan: It makes no difference. The important thing is the principle, and that this beginning not take place from a vacuum. We have a nucleus for some things, and therefore it will not be from a vacuum. Therefore, talk about this issue will not be complicated among the people who are concerned with determining indices. It is the work programs which will guide us, because this matter is connected to our priorities in the industrial program and is not connected to new projects, existing ones or the development of what exists, but to the priorities of the industrial program.

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CSO: 4404/247

ISRAEL

## NEGEV BEDOUINS PROTEST EMPTY PROMISES

Tel Aviv MA'ARIV in Hebrew 3 Feb 86 p 13

[Article by Uri Binder: "The Negev Bedouins": 'We Are Fed Up with Promises']

[Text] When Minister Weizmann started dealing with Israeli Arabs, the Bedouins in the Negev hoped that they would find recourse for the advancement of their interests. Now, the minister's advisor, Dr Yosef Ginat, is being used as a replacement for the advisory agency on Arab affairs in the Negev which was closed based on the minister's instructions. Burning problems, however, are not being resolved and unrest is growing.

The Weizmann group is up against a network of accusations, frequently accompanied by transgressions of the law. In one instance, a secret police document reached the minister's office with derogatory intelligence information against a particular respected Bedouin. Another official report from the general defense services reached another respected Bedouin, in the framework of the war being waged by certain parties in the Negev against anyone associated with Minister Weizmann.

The Labor Party secretary for the Bedouin sector in the Negev, Sulayman al-Baddur has come out openly against Dr Ginat. "Since Ginat began working with the Bedouins in the Negev, nothing has changed. In the past, we had an office of Arab affairs in Be'er Sheva. Now, even that is gone, and for every little thing it is necessary to travel to Jerusalem. Weizmann has lost his creditability with us."

The young leader, 28 years old, claims that instead of action, Jewish wars are being waged in the Negev and committees are being formed in the name of Dr Ginat.

A particularly sensitive issue in the Bedouin sector is that of evacuating the Tel Malhata area for the Navatim airfield. Thousands of Bedouins have been evacuated from the area and re-settled in the new villages of Kuseyfa and 'Aro'er. The evacuation was handled by the effective operations administration headed until 2 and 1/2 years ago by David Shoshani from Kibbutz Lahav. After leaving, his deputy Hazi Yehezke'eli was appointed to replace him.

It became apparent that on more than one occasion the evacuees were promised promises with no backing, all in order to speed up the evacuation and maintain the time schedule set by the airforce. Yehezke'eli facilitated the work being performed by the operations administration. Bedouin dignitaries complemented him on his diligent work and defined him as a man who stands behind all his promises.

Recently, Yehezke'eli resigned his post and unrest resulted immediately among the Bedouins. Bedouin representatives met with Minister Weizmann and told him that they would not allow David Shoshani to return to the operations administration because he did not keep the promises he made them in his day. Majid Abu-Rabi', son of the late Knesset member, told Weizmann that a man who does not keep his promises cannot come back to deal with sensitive issues.

#### "A Return to the 50s"

Mansur Abu-'Ajaj, one of the youth active in Kuseyfa, reinforces Majid's statements and adds: "Shoshani is taking us back to the 1950's. We are not willing to allow all negotiations to be handled only by the Shaykhs, as Shoshani was wont to do."

Dr Yosef Ginat, who supports Shoshani's return to duty, emphasizes that Shoshani is a man with extensive experience, capable of assuaging the unrest among the Bedouins. According to Ginat, only now has an understanding been reached between him and the general manager of the Ministry of Agriculture, Me'ir Ben-Me'ir, and as a result, there will be improvement in the treatment of the Bedouins.

Ben-Me'ir, head of the operations administration, refused to discuss the ties between himself and Dr Ginat. Recently, several Bedouin dignitaries met with Ben-Me'ir, Ginat, and Shoshani on Kibbutz Lahav. The goal was to present Shoshani's return to the operations administration and to introduce Shoshani as the man agreed upon by all parties.

Ben-Me'ir, who was supposed to act as head of the general manager's committee for Bedouin affairs in the Negev and the north, introduced himself only as the general manager of the Ministry of Agriculture, not as an appointee of the operations administration. The Bedouins listened to the message and understood that they were once again trapped in a dead end as far as everything related to the handling of their problems. They had hoped to hear good news about the development of the new towns of Hora and Lagiya, after the general manager of the prime minister's office--Avraham Tamir--had promised them that the freeze was over and the towns would soon be built.

Instead, the discussions were limited to the drought and the sowing season. "For this they organized a secret meeting?" muttered the disappointed Bedouins at the close of the meeting.

Shaykh Khalil Abu-Ja'd recently remarked that the Bedouins are fed up with promises and that the time has come to appoint people who speak candidly, like Hazi Yehezke'eli, and do not make promises they do not keep, like Shoshani.

#### I Do Not Understand What the Noise Is About

Shoshani denies the claims against him: "Everything I promised was in writing and I stood by it. I do not understand what all the noise is about, because I have no intention of becoming head of the operations administration in the Negev again, but rather will be on Ben-Me'ir's new team," emphasizes Shoshani, who in the past had gained extraordinary respect for his handling of the evacuation of Bedouins without the use of force.

Approximately 7,000 Bedouins were evacuated from Tel-Malhata after the peace agreement. Thirteen hundred heads of households submitted requests for reparations and the operations administration has finished handling 900 of these requests. Recently, 240 additional requests were submitted, but these have not yet been handled.

Me'ir Ben-Me'ir recently publicized an official notice according to which additional requests will not be accepted after 31 August 1986.

9811/12795

CSO: 4423/85

ISRAEL

## NEGEV DEVELOPMENT TOWNS SUFFER HARD TIMES

Tel Aviv DAVAR in Hebrew 2 Feb 86 p 6

[Article by Yitzhaq Levinson: "In Development Towns in the Negev, the Beginning of 'Economic Recovery' Has Been Noted as Marking the Beginning of Great Deterioration"]

[Text] Settlements in the Negev, which are mostly development towns, are deteriorating rapidly. Unemployment is rising, the level of services provided by local authorities is declining, and many residents are leaving the area and sometimes the country. This is the bleak picture that was drawn for an Israel news service correspondent in the Negev, Yitzhaq Levinson, by the heads of settlements in this area of the country.

"Our problem is neglect of the Negev and an absence of comprehensive national planning for the region," said the head of the Mitzpe-Ramon local council, Shmu'el Kohen. Heads of settlements in the Negev claim that the beginning of the implementation of the government's economic recovery plan also marked the road to deterioration of the condition of settlements in the area. According to their claims, the issue is one of continued neglect of the Negev by the Israeli government. A significant portion of municipal services are provided today by the division of neighborhood renewal in the Jewish Agency, not by the local authorities, because many development towns are included in the plan for neighborhood renewal. The heads of the settlements pointed out that it is not clear which body will supply those services after the end of the period allotted for implementation of the renewal project in the neighborhoods and towns in question.

### 'Arad

In 'Arad, over the last 6 months, since the beginning of the economic recovery plan, an average of 195 unemployed persons have been registered each month, as compared with a previous semi-annual average of 158. This is an increase of 23.4 percent in the unemployment rate. In addition, the average rate of requests for employment in the same period grew by 10.7 percent. The head of the 'Arad council, Avraham (Beyga) Shohat, fears a new phenomenon whereby parents are leaving the settlement in the footsteps of their children who have left.



## Yeruham

The person in charge of the southern region at the Ministry of the Interior, Shalom Denino, suggested establishing an outside committee for Yeruham, given the harsh criticism of the administrative and financial management of the local council. The council's debt comes to 5.2 million new shekels, of which 4.1 million new shekels were a loan taken to subsidize the interim activities of the council.

Council head Barukh Elkayam blames the government offices for not budgeting sufficient funds for the council and for delaying the transfer of funds to the council.

The wave of unemployment in the settlement caused the residents to announce their intention to declare a "State of Yeruham," separate from the State of Israel. The average number of people requesting employment in the settlement during the half year preceding the economic plan was 198, of which 132 registered on the unemployment roles. In the month of December 1985, 219 requests for employment were registered.

Unemployment and the budgetary distress of the settlement created a situation in Yeruham whereby in 1984 there was negative population growth of 1.62 percent. Of a total of 6,100 residents, 465 left the settlement.

## Mitzpe-Ramon

The head of the Mitzpe-Ramon council, Shmu'el Kohen, said that 523 residents left town in 1984 and only 293 new settlers arrived. The result--negative population growth of 5.15 percent. As if this were not enough, in the last half year of the economic plan, the number of requests for employment increased by 29 percent relative to the first 6 months of 1985 and the number of unemployed persons almost doubled--60 in December, versus a 6-month average of 31 for the first 6 months of the year.

The emigration statistics for 1985 have yet to be calculated, but the forecast is not encouraging.

## Ofakim

In Ofakim, the population grew by 200 people in 1983 alone. The following year, 749 people left. Ofakim council head Yehi'el Bentov sees the reason for this emigration in the lack of sources for employment. According to Bentov, even existing places of employment are not at a level appropriate for the capabilities of IDF soldiers finishing their tours of duty and graduates of various educational institutions trying to return home. According to an initial reading, 1985 was a record year for negative population growth in Ofakim.

## Netivot

The council treasurer of Netivot, Barukh Mazoz, notes that he succeeded in reducing the council's debt but as a result, people were laid off and services of all kinds were cut back. No development activities are taking place in the town, other than those being performed under the auspices of the neighborhood renewal project.

The number of requests for employment in Netivot during the month of December 1985 stood at 244, of which 162 were by unemployed persons. In the same month, 203 employment notices were posted by the employment service, but unemployment is still rampant.

## Dimona

The mayor of Dimona, Eli Halali, is running back and forth between the economic ministers while busily trying to maintain preferred conditions for entrepreneurs who are prepared to build enterprises in his town. Last December, the local employment office registered 564 unemployed persons, out of 903 requests for employment. Only 191 job openings were posted, and even these were mostly for unskilled workers.

## Elat

Elat is a unique phenomenon among development towns. In contrast with other towns, Elat is a tourist town and the high occupancy at local hotels created a permanent demand for hundreds of workers in this sector. Notwithstanding, however, many families have left town as a result of layoffs at the docks, in the construction sector, by the electric company, and at the Timna mines. Mayor Rafi Hochman says: "There is no one left to leave. Anyone who can has already done so." According to Hochman, an unemployed person in Elat cannot expect employment in the area, and is forced to uproot and move north with his family. Now, Hochman hangs his hopes on the declaration of a free trade zone in Elat.

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ISRAEL

#### DETAILS OF REFITTED, UPGRADED T-54/55 TANKS FOR EXPORT

Frankfurt/Main SOLDAT UND TECHNIK in German Jan 86 pp 26-37

[Article by Wolfgang Schneider: "Use of the T54/55 With Upgraded Combat Effectiveness in the Israeli Army"]

[Text] The already-great number of types of Israeli armored weapons was enriched after each Middle East conflict through the battle tanks--especially of Egyptian and Syrian stocks--captured in combat operations.

Thus, in the Six-Day War, about 800 T-54's and some T-55's were captured. In 1973 (Yom Kippur), additional T-54/55's and more than 200 T-62's were captured, as were approximately another 200 T-62's in Lebanon in 1982.

As early as 1973, Israel employed about 400 reactivated T-54's against their former users. At the present time, there are still about 250 T-54/55's and 150 T-62's in use by the Israeli armed forces.

The modification of the battle tanks foreseen for reuse began in 1967 and took place in several steps described below. The many years of experience in the use of these battle tanks of Soviet origin and the necessity of producing spare parts led to Israel's itself becoming an exporter of T-54//55 components and also to its offering a number of programs to upgrade combat effectiveness for foreign users of these tank types.

#### First Refitting Measures 1967-1970 (T1-67)

The captured tanks initially retained their Soviet 100-mm gun armament (D-10T25--caliber length 56) and essentially received new vehicle radio equipment and a modified machine gun armament (M 2/M 3 Browning 7.62 mm or 12.7 mm) of U.S. manufacture. The internal type designation is T1-67 (tank of the T-series/Israeli 1967 status).

Additional external receptacles were mounted on the turret bustle as well as the back side of the hull and the track guards.

The exhaust system was optimized and a fire extinguishing system was installed. The changes were made at Israeli army repair depots. A large

number of tanks no longer worth repairing were cannibalized for spare parts provisioning and then scrapped.

#### 1970-1973: Upgrading the Combat Effectiveness of the Tl-67

An important measure in upgrading the combat effectiveness was the exchange of the 100-mm main gun for the British L 7 A 1 105-mm gun in the m 68 configuration. This conversion was facilitated by the circumstance that the gun shield opening did not require any additional modification. The vertical and lateral aiming systems were also retained.

The optical system was equipped with metric sighting values but otherwise was unchanged. A third machine gun (7.62 mm) was mounted on the loader side, just as in the other Israeli battle tanks. The track and suspension remained almost unchanged; the suspension performance was improved with a slightly increased ground clearance (caused by a change in the torsion bar prestress value).

#### Additional Refitting Measures After 1973

During the battles in the 1973 October war, a large part of the Tl-67's was still being used with the Soviet gun armament, which in subsequent years was gradually exchanged for the 105--mm gun, a measure that was not extended to the T-62's, for even larger quantities of captured ammunition were available for these tanks. Some of the tanks were destroyed or were not repaired. Although additional captured tanks were converted and put into operation, the total number of Tl-67's declined to about half the originally available number. For the refitting measures after the Yom-Kippur War, mainly T-55's were used instead of the T-54, for the more up-to-date engine turned out to be less prone to trouble and also the combat load with gun ammunition was greater.

A 60-mm mortar suitable for close-range defense was mounted on the left side of the turret. The mortar cartridge is placed in a holding base by the commander and the elevation is adjusted in several notches along an arc.

Additional stowage cases were mounted on the left and right sides of the turret, as were several external holders for drinking-water canisters. A third coaxial external machine gun (12.7 mm) for firing at ground targets and aimed and operated from inside was mounted on the gun shield.

Adaptation tests were performed on several Tl-67's for the active armor plating (Blazer) used in the other Israeli battle tanks (M 48/60 and Centurion). So far there has been no general equipping of all Tl-67's with it.

#### 1983: Development of the T-55 S

Far-reaching considerations in regard to the upgrading of combat effectiveness led to the development of the "S"-tank (T-55 S), as it is designated in Israel.

Although the track and suspension of the T-54/55 was quite satisfactory, ways were sought to replace the obsolete drive system. After various engines were tested, a selection was made of the air-cooled eight-cylinder Teledyne-Continental diesel engine (8V-71T) also used in the artillery self-propelled mounts M 107/110 and M 109. To improve performance substantially, a number of modifications were made and a more efficient turbosupercharger system was used.

In this connection, it was necessary to displace the rear of the hull to the outside and to redesign it to make room for the cooling system.

The semiautomatic/hydrodynamic Allison converter transmission serves as the transmission; the final drive was likewise reconstructed. In contrast to the original transmission of the T-54/55, it is now one-piece and continuously linked with the power pack.

The more efficient engine achieves 448 kilowatts and increases by almost 50 percent the mobility of the battle tank (despite a total weight 1.5 tons higher), in part because of the substantially more favorable torque behavior. The terminal speed increases to just over 60 kilometers per hour. The entire engine can be replaced in about 30 minutes, a time less than half of that required for the T-54/55.

The increase in the size of the engine compartment permits the installation of the fuel tank within the hull, dispensing with the fire-prone external tanks. A total of four tanks will be used, in part in combination as BK ammunition receptacles, as before. The operating range is 450 kilometers. Additional stowage cases were mounted in place of the external tanks on the track guards.

The dust and oil bath air filter system of the T-54/55, extremely deficient in desert operations, was exchanged for a new dry-type filter system. It is easily accessible on the rear left in an armored box of the track guard. The filter elements must be cleaned with compressed air after approximately every 50 hours of operation (daily with filter oil change for the T-54/55).

Instead of the two original control levers, the driver now steers without fatigue by means of a small steering wheel. The manual gearbox is exchanged for an easy-to-operate preselector gearbox. The driver's control equipment and indicators were also optimized.

By redesigning mounts and moving some of the equipment outside, it was possible to improve the crew compartment of the T-54/55, which was seen as extremely cramped. Among other things, the vehicle batteries and part of the small arms ammunition was stowed outside and radio sets are located in the stowage box on the turret bustle. In addition, a large part of the personal equipment is stowed outside. An external infantry telephone is located on the rear of the hull. Besides increasing mobility, the principal aim for the S-version was to raise the first-round hit probability of the weapon system.

Thus the inefficient Soviet weapon stabilization system (elevation hydraulically stabilized, azimuth electrically) was exchanged for the Cadillac-Gage electrohydraulic system.

The gunner's sight was combined with a Neodym-YAG laser rangefinder with first-echo utilization (operating range up to 10,000 meters). The infrared periscope was exchanged for a new sighting mechanism with integrated image intensifier/night sighting channel with magnification by a factor of seven. The converted S-tanks can be identified by the enlarged gun sight direct-vision block in front of the commander's cupola.

The weapon is aimed at the target by means of the cross hairs and the laser is activated. The measured target range (accurate to within 10 meters) and additional ballistic data (system-error values, cant, lead, powder temperature, and barrel wear) are automatically considered through the MATADOR fire control system (developed by EL-OP and Elbit). A collimator attachment is mounted on the muzzle to check the barrel sag.

In the course of conversion, the new flat cupola also used in the M 48/60 is installed in place of the commander's hatch that opens to the front. A new basketlike holder for personal equipment of the crew is mounted to the left on the turret. An infrared detector and the lateral wind sensor are located on the turret.

As in most of the other Israeli battle tanks, the SAFE fire-suppression system (Halon 1301) is also used in the T-55 S. It has a response time of 5 milliseconds and suppresses (activated through infrared or optically) fires within 80 milliseconds.

So far only some vehicles have been converted to the S-status. Nor are there plans to bring all T1-67's used in the Israeli Army up to this standard. A proposed option is to refit the T-62 as well. The combat capability of the T-55 S (without considering the thermal imager) is seen as comparable to that of the M 60 A 3.

Just as other offerors (ROF, Krauss-Maffei, NORINCO, Wegmann and others), this project is primarily aimed at the export market, for worldwide there are several thousand tanks of this type series whose combat effectiveness needs to be upgraded.

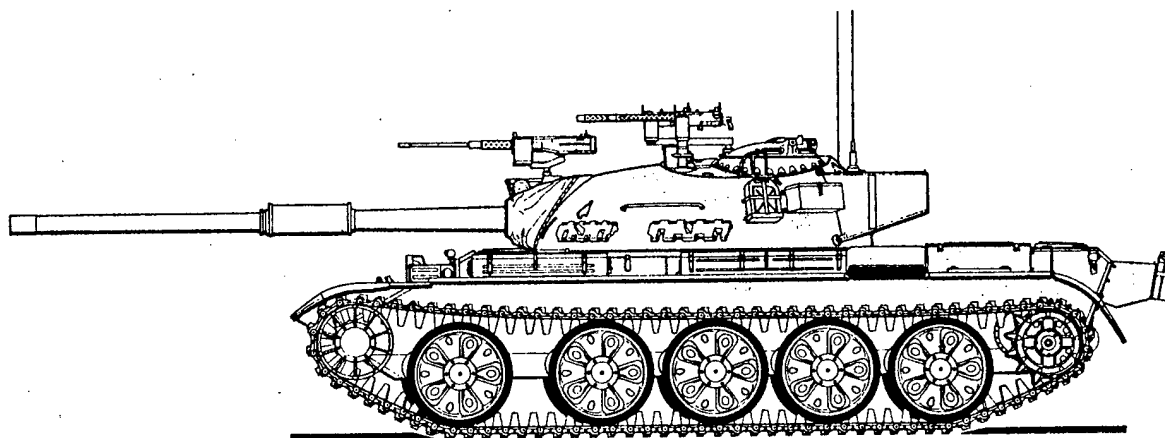


Figure 5. Side View of the T1-67 Battle Tank

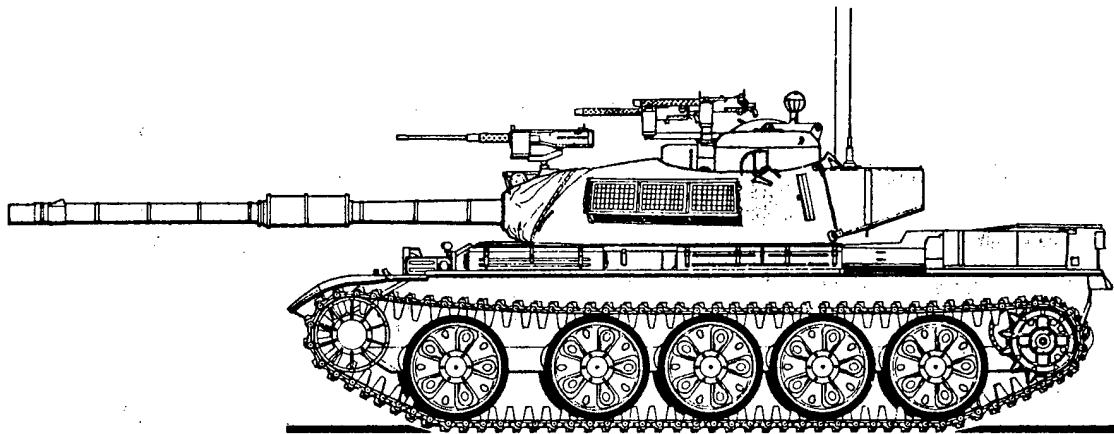


Figure 6. Side View of the T-55 S

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ISRAEL

FINLAND, ISRAEL DISCUSS UNIFIL, PLO, JEWISH EMIGRATION FROM USSR

LD162043 Helsinki International Service in Finnish 1600 GMT 16 Mar 86

[Ossi Kervinen report from Jerusalem]

[Text] Finland has asked Israel to change its attitude towards the UN troops in South Lebanon to being more positive than at present. At the same time Finland rejects Israel's demand for a change in Finland's Middle East policy. The minister of foreign affairs has just finished his official visit to Israel. Today he explained his negotiations and the Finnish Middle East policy to the international press. Here is Ossi Kervinen:

This is Jerusalem. Foreign Minister Paavo Vayrynen's discussions in Israel concentrated on two matters, and at the same time on two matters of disagreement: What attitude should be taken to the peace keeping forces in South Lebanon and to the Palestinian Liberation Organization, the PLO.

Finland has now asked that Israel take a more positive attitude toward the UN troops--in other words UNIFIL--in South Lebanon. This is what Minister Vayrynen said on the matter:

[Begin Vayrynen recording in Finnish] I presented a request in three parts to the Israeli Government representatives. I proposed that they consider a more positive attitude towards UNIFIL, that they contribute to solving UNIFIL's financial problems and that they cooperate with UNIFIL, helping UNIFIL to fulfill its mandate. [end recording]

[Kervinen] Vayrynen took up the matter of UNIFIL for the last time today when he met Prime Minister Shimon Peres. During the talks the impression emerged that at least Peres was prepared to seriously consider the Finnish viewpoints.

On the other hand Minister of Defense Rabin, told the Finnish press that Israel would not under any conditions agree with an arrangement whereby the UN troops would come nearer to the international border than at present.



The Finnish request that Israel help UNIFIL to fulfill its mandate would mean precisely that the troops moving south and the total withdrawal of Israeli troops from South Lebanon. According to Rabin, this is out of the question.

On Israel's proposal the United States decided some time ago to stop contributing almost totally to UNIFIL for the next mandate of 6 months, which starts in April. This means financial problems for among others, Finland, and this is why the request was put forward that Israel should influence the United States to increase the financing of UNIFIL.

When Israel demanded that Finland change its attitude toward the Palestinian Liberation Organization, the PLO, and stop supporting it, Finland replied that it will hold tightly to the basis of its Middle East policy. The PLO is the most important representative of the Palestinians, and the right to Palestinian autonomy must be taken into account in the overall solution in the Middle East. Vayrynen emphasized this both in his lecture to the Hebrew University and in answering the questions of the international press.

Also terrorism was discussed in the press conference. In this connection Vayrynen said that Finland condemns all kinds of terrorism. He also emphasized strongly the other side of the matter. The territorial integrity of states must be honored, if this is not done, this is also terrorism, Vayrynen said. Here he referred clearly to the attack by Israel, among other things, against the PLO headquarters in Tunisia, even though he did not say it directly.

Foreign Minister Vayrynen said also that in the unofficial discussions Israel had asked a favor from Finland concerning the improvement of Israeli relations with the Soviet Union and also concerning the easier emigration of Jews from the Soviet Union. Vayrynen said that he would, in the normal diplomatic manner, convey the information from the discussion to the Soviet authorities, but went on to say that Finland can have no political role in the relations between Israel and the Soviet Union.

/9738

CSO: 4400/137

ISRAEL

BRIEFS

TRADE DEFICIT FIGURES--Israel's trade deficit increased during the first 2 months of 1986 and reached \$423 million. Industry and Trade Ministry officials believe that exports will increase in the coming months, thereby reducing the trade deficit. [Summary] [Jerusalem Domestic Service in Hebrew 1705 GMT 9 Mar 86 TA] /9738

INCREASE IN IMPORTS--Imports of goods, especially of consumer durables, are again rising. The Central Bureau of Statistics announced on Friday that in the first 2 months of 1986 there had been a 6 percent increase in imports of goods over the monthly average for the second half of 1985. Last month merchandise worth over \$720 million was imported, compared to \$582.3 million in February 1985, the bureau said. But the rise in imports during January and February was partially offset by a 13 percent reduction in the value of imported fuel, the bureau added. [Text] [Jerusalem THE JERUSALEM POST in English 9 Mar 86 p 2 TA] /9738

CSO: 4400/137

JORDAN

BRIEFS

JAPANESE LOAN AGREEMENT--(MC)--Jordan will receive a \$3 million loan from Japan to partially finance engineering services conducted by the Telecommunication Corporation Networks in Amman, Irbid, and Ma'an. The sum is part of a larger loan to be granted to Jordan once the first preparatory work for the project has been completed. Minister of Planning 'Abdallah al-Nusur and Japan's ambassador to Jordan signed the loan agreement. [Text] [Amman Television Service in English 2000 GMT 6 Mar 86 JN] /8918

WEST GERMAN LOAN AGREEMENT--(MC)--Jordan will obtain a 10 million mark loan from West Germany to finance agricultural projects in Jordan. The loan will be channelled through the Agricultural Credit Corporation to small farmers in Jordan. The loan will be channelled through the Agricultural Credit Corporation to small farmers in Jordan. The loan agreement was signed by Dr al-Nusur, minister of planning, and the West German Development Bank director. [Text] [Amman Television Service in English 2000 GMT 6 Mar 86 JN] /8918

RAILWAY LINK TO EUROPE--(MC)--The Jordanian Government has decided to begin studies on building a modern railway from Amman to Dar'a in order to link Jordan with the railway network in Turkey and Europe via Syria. Thirty million dinars have been allocated for this project over the next 5 years. The project, which will cost 75 million dinars, aims at transporting commodities, passengers, and phosphate to 15 countries. The railroad will transport 5 million metric tons of commodities and 1 million passengers annually in each direction. [Excerpt] [Amman AL-DUSTUR in Arabic 8 Mar 86 p 2 JN] /8918

NEW TV, RADIO CHIEFS--Amman (J.T.)--The cabinet Wednesday announced the appointment of Mr Muhammad Amin as director of Jordan Television as of 23 March 1986. Mr Amin, who had served as director of news at the television station, replaces Dr Muhammad Khayr, who has been appointed by the cabinet as director of al-Husayn Youth City. Another cabinet decision announced Wednesday appointed Mr 'Isam 'Aridah as director of Jordan Radio to replace Mr Sulayman al-Mashini, who will retire on 23 March. Mr 'Aridah had served as director of al-Husayn Youth City until his new appointment. [Text] [Amman JORDAN TIMES in English 20-21 Mar 86 p 1 JN] /9274

AL-DUSTUR SHARE HOLDING--Amman (J.T.)--The Jordan Press and Publishing Company, the publisher of the Arabic daily AL-DUSTUR, announced on Wednesday that it was going to become a private shareholding company. Jordan Press and Publishing Company, which also publishes the English-language weekly, THE JERUSALEM STAR, is to sell 65 percent of its shares to public and private institutions. A similar decision was taken last Monday to transform the Jordan Press Foundation that owns AL-RA'Y and the JORDAN TIMES into a similar share holding company. [Text] [Amman JORDAN TIMES in English 20-21 Mar 86 p 1 JN] /9274

TCC BECOMES PUBLIC COMPANY--Amman--The telecommunications Corporation (TCC) board of directors on Wednesday announced the conversion of the corporation into a public shareholding company with all shares to be owned by the government at the first stage towards changing the status of the government-owned TCC into a full-fledged commercial entity. [Excerpt] [Amman JORDAN TIMES in English 20-21 Mar 86 p 1 JN] /9274

CSO: 4400/139

OMAN

## REASONS FOR DEVALUATION OF RIYAL PRESENTED

Oman 'UMAN in Arabic 22 Feb 86 p 3

[Article: "Dr 'Abd-al-Wahhab Khayyatah, Chief Executive of the Central Bank, Speaks to 'UMAN:

Exchange Rate of the Omani Riyal Has Remained Unchanged since 1973"]

[Text] Changing the rate of exchange of the Omani riyal was one of the important measures taken by the Sultanate of Oman to maintain its balance of payments consequent to the collapse of world oil prices. The Central Bank of Oman (the banks bank) plays a principal role in maintaining the stability of the banking system in the country and in giving it the driving force it needs to sustain the development process in all domains.

The Central Bank of Oman also controls the nation's reserves of foreign currency to ensure the strength of the Omani economy and to meet its demand for foreign currency in all circumstances.

'UMAN met with His Excellency Dr 'Abd-al-Wahhab Khayyatah, chief executive of the Central Bank of Oman and vice president of the Board of Governors. We posed several questions to his excellency about the ramification of riyal devaluation, the Central Bank's role in strengthening the national economy, and the effect the riyal devaluation will have on prices of goods, especially imported goods, on other currencies, and on commercial banks operating in Oman.

In view of the fact that a change in the exchange rate of the Omani riyal is a specialized economic matter, affecting the value of the currency and consequently the economy and other currencies, and in order to seek clarification and details of this critical issue which is on the minds of many people, 'UMAN availed itself of this interview and put this first question to His Excellency Dr -Abd-al-Wahhab Khayyatah, chief executive of the Central Bank of Oman and vice president of the Board of Governors:

[Question] What does a change in the exchange rate of the currency mean? When does the state resort to this measure? What effect will this decision to change the rate of exchange have on the Omani economy?

[Answer] The term "rate of exchange" refer to the process of fixing the value of a country's official currency vis-a-vis the value of another country's currency for a specific period. This rate may go up or down as a result of a change occurring on either side of the equation. For a long time the Omani riyal has been pegged to the U.S. dollar, since the Sultanate's sale price of crude oil, the country's main source of foreign revenues, has been based on the value of the U.S. dollar, in observation of the international custom, and this rate has been based on a certain percentage that has remained unchanged since 1973.

#### Drop in the Price of Oil Affects the Balance of Payments

[Question] What is the impact of a lower crude oil price on the balance of payments?

[Answer] One of the changes that have occurred recently is the drop in the price of crude oil internationally for reasons beyond the Sultanate's control. This has had an impact on the Sultanate's external balance of payments. For this reason the government decided to change the value of the Omani currency vis-a-vis the U.S. dollar in order to cope with this new condition and achieve equilibrium.

In fact, the decline in the price of oil began 3 years ago while the U.S. dollar held its position in international markets. Because the Omani riyal was pegged to the U.S. dollar, it has been able to absorb the shock of the price drop to a large extent. Furthermore, the Sultanate has been able to increase production rates thereby stabilizing the value of its currency, and this was made possible because the balance of payments remained in a state of equilibrium.

#### Reevaluating the Riyal vis-a-vis the U.S. Dollar

Since there are indications that the decline in the price of oil may continue for a long period, the government of Oman has found it imperative to reevaluate the Omani riyal vis-a-vis the U.S. dollar in order to restore equilibrium. Hence the need for the change in the exchange rate of the riyal while continuing to peg the riyal to the U.S. dollar, but at a lower rate of 10.2%.

#### Optimum Use of Resources

[Question] What is the role of the Central Bank in managing a portion of the Sultanate's reserves of foreign currency to strengthen the national economy?

[Answer] The Central Bank manages the country's reserves of foreign currencies in order to achieve optimum employment of those resources and in order that those reserves may be used to meet the country's need for foreign currency. For example, paying for imported goods in foreign currency, for travel abroad, hospitalization overseas, interest on loans and other capital transactions are all covered by the currency the Bank makes available to the national economy

through the banking system in the Sultanate. The Central Bank controls an important portion of the country's reserves of foreign currency to meet those needs.

#### Devaluation of Riyal Has a Limited Impact on Prices

[Question] Because many foreign firms in the Sultanate deal in U.S. dollars and purchase their equipment from abroad with dollars many believe that a devaluation of the Omani riyal will lead to more inflation in the Omani market. What is your comment?

[Answer] In principle, the devaluation of any currency is bound to trigger higher prices for imported goods paid for in the local currency, but that is in proportion to the amount of devaluation only. This situation obviously applies to Oman, which is dependent to a large extent on imports of foodstuffs, machinery, and equipment. Therefore, a devaluation of the riyal could lead to higher payments in the Omani riyal in settlement of those import invoices, and part of this increase be passed on to the Omani consumer. But since the main exporters to Oman, notably West Germany, the United Kingdom, France, Japan, and the United States are taking measures to curb inflation, the devaluation of the Omani riyal will only have a limited impact, with the possibility of minimizing it.

#### Retailers Should Be Content With Making a Reasonable Profit

Retailers in Oman should help to prevent prices from rising to an inflationary level by being content with making reasonable profits. We should point out here that reduced inflation in the exporting countries should lead to lower prices of imported goods paid for in the local Omani currency and subsequently to offsetting the increase created by the devaluation of the Omani riyal.

#### No Restrictions on Remittances Overseas

[Question] Will the commercial banks in Oman tolerate the new rate of exchange of the Omani riyal and will this not have any adverse effect on banking transactions?

[Answer] The devaluation of the riyal will not place any additional burden on the commercial banks in Oman, because those banks normally work to achieve a balance between their assets and demands for foreign currency to avoid becoming vulnerable to fluctuations of currency values.

When banks fail to achieve this balance between their assets and demands for foreign currency, they can become vulnerable to the fluctuation of currency values.

The banking system in Oman is based on a solid foundation supported by skillful control of foreign currency so as to minimize the possibility of being affected by those risks.

The banks are absolutely free to transfer funds from and into Oman without the least restriction or condition. Furthermore, individuals have full freedom to transfer their assets overseas without any interference or restrictions.

13257/12951

CSO: 4404/244

OMAN

#### QABUS PORT ACTIVITY SUMMARIZED

Oman 'UMAN in Arabic 22 Feb 86 p 2

[Article: "Qabus Port Achieves a High Level of Performance in 1985"]

[Text] The Organization of Port Services, Ltd (Qabus Port) witnessed a marked improvement in its overall performance in 1985, realizing a 7 percent increase in revenues despite the drop in world maritime transportation volume.

The organization sent several of its employees for advanced training overseas as part of its ambitious plan to replace foreign workers with skilled local manpower.

During 1985 a total of 1,580 ships and 128 motorboats called at the port, compared to 1,481 ships and 118 motorboats in 1984, up 6.6 percent and 8.4 percent.

Goods arriving at the port in 1985 totaled 1,218,015 tons.

#### Imports

Total imports by ship amounted to 1,207,171 tons and by launches 10,844 tons

#### Exports

Total exports by ship were 46,800 tons and by launches 3,198 tons. The number of ship containers handled at the port increased by 18.7 percent to 48,300 containers in 1985, in comparison to 40,690 containers in 1984.

Imports of loose wheat in 1985 amounted to 100,773 tons, a slight drop of 9,400 tons from the 1984 figure. Exports of pure copper from Qabus port continued throughout 1985, with a total of 610 containers containing 12,200 tons shipped to Europe and Japan during that year.

During the same year, exports of fish went up, with the number of containers of fish handled at the port totaling 655. Grape exports also went up to 1,060 tons (53 containers) in 1985.



## Re-Exports

Unloading: 100,800 tons from 8,008 containers. Loading: 100,00 tons from 7,968 containers.

## Revenue Increase

The organization maintained a strong financial position in 1985, with total revenue amounting to 10,555,400 Omani riyal, as compared to 9,854,400 riyal in 1984 up by 7 percent.

## Projects

1. The first phase in the reconstruction of Darsay and al-Wadi al-Kabir Kabeer camps has been completed and delivered. Work is underway on the second phase of this reconstruction project.
2. Work is in progress on the organization's new building at Jabruh, the contractor being the Al Hamd Company.
3. The construction of two locomotives, (Foreth) Schneider brand, is underway at the Spanish International Company (Estelerose).
4. Work is in progress on a comprehensive renovation project for the commercial port subdivision (formerly Jabruh).

An open space will be made available to store containers and to park cars in response to the increase in the port traffic volume.

5. The following new equipment were purchased, tested, and put into operation during 1985:

1. One fork-lift, Hester, 25 ton capacity
2. One fork-lift, Mitsubishi, 6 ton capacity
3. One fork-lift, Mitsubishi, 3 ton capacity
4. One fork-lift, Komatsu, 6 ton capacity
5. Two fork-lifts, Komatsu, 3 ton capacity each.
6. One electric fork-lift, Komatsu, 3 ton capacity
7. One electric fork-lift, Hester, 3 ton capacity
8. One fork-lift, Hester 6 ton capacity.

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PALESTINIAN AFFAIRS

PROSPECTS FOR PLO-JORDAN RELATIONS, DIALOGUE DISCUSSED

London AL-MAJALLAH in Arabic 12-18 Feb 86 pp 17-19

[Article by S.Q.: "The Amman Agreement Is Dead, but Relations between Jordan and the Liberation Organization Survive"]

[Text] "What happens next depends on the results of Arab and international contacts."

A whole year has gone by since February 1985 when the well-known agreement between the PLO and the government of the Hashemite Kingdom of Jordan was signed. This agreement, which was pivotal to activities connected to the Middle East question, was a galvanizing factor in the region. Because interpretations of the articles of this agreement were numerous and varied, relations between Jordan and the organization fluctuated. In some instances the two parties' activities and coordination efforts rose to an all-time high, but in other instances those relations came close to collapsing and were brought to a standstill.

At first, the ball was in the Palestinian leaders' court. Some of those leaders supported the agreement, and they would have supported more than what was in it, but there were others who were opposed to everything in it. But as time went by those opposing the agreement joined forces with its supporters, and everyone began holding on to this agreement because it was feared that new equations in the region could create a situation in which the organization's role would be bypassed, and the PLO would no longer be considered the sole representative of the Palestinian people.

Opponents of the agreement who joined forces with its enthusiastic supporters justify the shift in their position by stating that the government of the Hashemite Kingdom of Jordan received offers to induce it to turn its back on the organization and its role. They say the government of Jordan turned down a "generous" offer to form a confederation with a number of countries surrounding Israel who would then speak for the Arab parties in the dispute, including the Palestinians, at the international conference that is to be held to solve the question of the region.

Thus, the agreement, which to its opponents represented the demands of Jordanians and moderate Palestinians when it was signed approximately 2 months

after the Palestine National Council met in Amman, became the objective and the goal of the PLO's "hawks" less than 1 year after it was signed.

This agreement may have been subjected to its harshest test last October when the meeting between the joint Jordanian-Palestinian delegation and Britain's foreign minister, Sir Geoffrey Howe failed because of what was described by Jordanians as the organization's retraction of a prior agreement to recognize Resolution 242 with its unequivocal stipulation that all the countries within the region, including Israel, have a right to live in peace within secure borders. The PLO responded by affirming that the meeting failed because the British government had amended the statement that Prime Minister Margaret Thatcher had made when she visited Jordan. The PLO cannot go beyond that statement, and it cannot yield on Palestinian invariable principles.

A new phase in relations between Jordan and the PLO began after this violent shake-up which undermined the Amman agreement. During that phase both sides engaged in intense communications and meetings. A basic shift also emerged when the estrangement between Amman and Damascus ended and was replaced by the onset of a new approach which is expected to make significant progress. This new approach began after Syria's President Hafiz al-Asad visited the Jordanian capital to reciprocate King Husayn's earlier visit to the Syrian capital.

It is known that when King Husayn met with the Palestinians after the meeting with Howe failed, he told them that they had to answer one specific question. Does the PLO clearly and unequivocally recognize the two UN resolutions, 242 and 338? In the past the PLO had simultaneously rejected and recognized those resolutions.

The Jordanian government said nothing as it waited for the PLO to speak. It seemed that the ball was once again in the PLO's court. Palestinian leaders held a series of meetings--some of those meetings were held in Baghdad--to study the new situation and to look for an answer to the question posed by the Jordanian monarch. The expected meeting between Palestinian leader Yasir Arafat and King Husayn was postponed not only because the PLO leader was indisposed, but also because the PLO was waiting for answers to questions it is said it had posed to the American administration through a third party. The PLO was expecting Arab developments that would rearrange the current balances of power in the region.

#### Palestinian Conditions

Over a period of 2 months during which meetings were held in Baghdad and communications between numerous Arab and international parties, including meetings and communications with Soviet officials, were underway, Palestinian leaders decided secretly not to recognize UN Resolution 242 unless the United States agrees to recognize the Palestinian people's right to determine their own destiny and accepts the PLO's participation as a principal party in the international conference that will be convened. On the basis of the February agreement between the PLO and the Jordanian government, Palestinians could attend that conference as members of a joint Jordanian-Palestinian delegation.

In an effort to regain the confidence between the Palestinian command and the Soviet Union during that period, the PLO turned over to Moscow a secret document

indicating its willingness to recognize Resolution 242 through the Soviet capital if Moscow could guarantee that the U.S. administration would recognize the Palestinian people's right to determine their own destiny and its willingness to accept the organization at the negotiating table in the next phase.

It seems that on the eve of the latest round of talks between Jordanians and Palestinians Moscow informed the PLO that the U.S. position was still unchanged and that there were no signs of any change soon in that position. The United States refuses to recognize the PLO and any role for it as long as the PLO does not recognize first without any conditions or guarantees the two aforementioned UN resolutions and the Zionist state's right to exist.

Thus, the PLO delegation went to Amman last January 25 feeling certain that relations with Jordan were in a bottleneck. The delegation was convinced that nothing had changed. The American administration was adamant about its previous positions, and the Jordanian government thought that time was running out. The Jordanian government thought that continued coordination between it and the PLO now depended on the Palestinians' willingness to recognize UN Resolutions 242 and 338.

Given this background, the talks that were held were difficult, and opinions were presented and countered. AL-MAJALLAH's sources affirm that the U.S. delegation, which was made up of Richard Murphy's two assistants, Mr Rocky Sudderth and Mr Wat Cluverius, who were in Amman during the Jordanian-Palestinian talks, offered nothing new and concrete. What they offered did not even in the smallest way depart from the plan for the Middle East which was proposed by U.S. President Ronald Reagan early in September 1982 approximately 2 days after the departure of the Palestinian Resistance from Beirut. To be specific, as the Jordanians told Palestinians, the U.S. delegation presented its point of view in three points, all of which revolve around how the international conference that is being sought would be convened.

First, the functions and powers of this international conference would not be defined in advance. In other words, it must be understood now that the conference will be held to provide opportunities for deliberations and for efforts to mediate and bring the points of view closer together. The conference will not arbitrate disputes or make decisions.

Second, the PLO may attend that conference as part of the Jordanian delegation after it recognizes Resolution 242. If the PLO leader recognizes Resolution 242, he may nominate the PLO's representatives to that conference whose attendance at the conference would then be approved.

Third, all questions would be presented at the conference without any prior guarantees or conditions.

'Adnan Abu 'Awdah, Jordan's minister of the Royal Court suggested to the PLO that the Americans would reach an agreement with the Soviets or that they have an agreement with them on this format [for the conference]. But when Palestinian leaders asked Moscow for clarifications during their talks with the Soviets, Moscow denied any knowledge of such an understanding and affirmed that it was adhering to the unequivocal format for the international conference.

In response to the American point of view the PLO presented a memorandum which stated at the outset that Resolution 242 was one of the United Nation's resolutions which had a bearing on the Palestinian question. Recognizing that resolution requires that other resolutions be recognized also. Although Arabs and other international countries recognize Resolution 242, Palestinians do not recognize it in its present format because it does not deal with the essence of the Palestinian question. "Therefore, Resolution 242 has to be amended, and it has to be linked with the required clarifications, conditions and guarantees."

Faced with that memorandum the U.S. delegation reaffirmed its previous point of view, stating that what was being offered was the Reagan initiative, nothing more. The U.S. delegation affirmed that recognition of Resolution 242 was required in return for convening an international conference at which "everything would be deliberated and discussed."

#### A Heated Exchange and Withdrawals

At this point, after it became evident that matters had reached a dead end, the exchange in the meetings became heated. One paragraph in the minutes of these meetings states:

"Abu 'Ammar, addressing the Jordanian monarch [said], 'Your Highness, if we recognize this resolution in this format we would be considered traitors to our people and our cause. After 20 years of fighting, after the blood that has been spilled and after thousands lost their lives and their homes and suffered injuries I cannot betray my people. I can never betray them.'"

"The Jordanian monarch reply was stern and sharp: 'I cannot allow you to say what you said. We do not accept treason, and we can never betray our people. We are looking for a solution to the tragedy of our families and our people because time is running out at the expense of this question.'"

After a few stormy moments, it became evident that a deadlock had been reached, that the agreement was dead and that estrangement was imminent. The Jordanian monarch then issued a statement that was delivered by Abu 'Awdah who relayed the king's statement to the Palestinians. The king stated that he would discuss everything with his "people" who are living under the yoke of the occupation. The king said he would address them and ask them to assume control of the question and make their own decision on the matter.

Palestinians told Abu 'Awdah the PLO was affirming its appreciation of King Husayn's motives for caution. Abu 'Awdah was told that the PLO certainly did not want an estrangement. He was told that the PLO too can address its "people" who are living under the yoke of the occupation. The PLO affirmed that when it speaks, it speaks for the residents of the Gaza Strip and the West Bank.

When matters reached that point, the U.S. delegation tried to strike a blow at the right time. It rejected any further talks about an international conference and demanded that Jordanians begin talks immediately with Israel's Prime Minister Shimon Perez. But the Jordanian government did not comply with this demand, and it chose to continue its talks with the Palestinians despite the

fact that the U.S. administration announced that day that it was freezing all previously approved aid to the Jordanian Kingdom.

On the following day while Abu 'Ammar was holding a series of meetings with members of the PNC, who were in Amman, and with some members of the Central and Executive Committees, King Husayn met with Salah Khalaf, [alias] Abu Iyad, member of Fatah's Executive Committee. Abu Iyad and the king had a lengthy discussion about the joint Jordanian-Palestinian course of action since 1968. Abu Iyad described what transpired between him and the Jordanian monarch as extremely significant. "His majesty affirmed most sincerely that he is quite concerned about the Palestinian question even though we may have different points of view about the steps that ought to be taken at the present time."

Although the February Agreement is dead for all intents and purposes, it is because of what Abu Iyad has been saying about his meeting with King Husayn that Jordanians and Palestinians have been trying very hard to hold on to the delicate relations between them. In the meantime, they are waiting for Arab and international deliberations, and they are trying to find out what has been and what will be proposed so they can take their last step.

Palestinian circles indicate that the next phase will be one of deliberations. Communications between Jordan and Syria; between Jordan, Iraq and Egypt; between Palestinians and Egyptians; between Palestinians and Iraqis; and between Palestinians and a number of other Arab countries are expected. In addition, both parties will be communicating with political activists in the occupied land, and there will be intense communications between the Soviet Union and the PLO. If Jordanians are expected to shore up their position by strengthening the position of the Jordanian parliament, Palestinians will reaffirm national unity as a weapon.

In both cases, however, Palestinian officials are affirming that actual relations between Jordanians and Palestinians will not be affected by current differences in points of view. They are rejecting and denying rumors about the possibility that the Palestinian presence in Jordan, particularly the presence of some Palestinian leaders, organizations and forces, will be affected by what happened.

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PALESTINIAN AFFAIRS

DISPUTE WITH JORDAN, FUTURE STEPS DISCUSSED

London AL-MAJALLAH in Arabic 25 Feb-4 Mar 86 p 19

[Interview with Nabil Sha'th, Yasir 'Arafat's political adviser, by Mahmud Sadiq: "The Dilemma of Resolution 242; the Collpase of the Jordanian-Palestinian Agreement;" in Cairo]

[Text] Dr Nabil Sha'th, political adviser to Mr Yasir 'Arafat, chairman of the PLO's Executive Committee, has always been described as a Palestinian moderate who supports the idea of talking with the United States so that progress can be made toward a peaceful settlement. Dr Sha'th has also been one of the most enthusiastic supporters of the normalization of relations between Egyptians and Palestinians. That support is based on what are purely strategic considerations.

In this interview which AL-MAJALLAH conducted with Dr Sha'th when he was in Cairo with the Palestinian delegation that accompanied Mr Yasir 'Arafat in his recent visit, Dr Sha'th talks about the reasons for the disagreement between Jordanians and Palestinians. He talks about what Mr 'Arafat achieved in his talks in Cairo, and he talks about what Palestinians will do after the talks in Amman collapsed between them and the Jordanians. The text of the interview follows.

[Question] Many political observers have been saying that Abu 'Ammar comes to Cairo whenever he finds himself in a tight spot. Very briefly, what does 'Arafat want from Egypt?

[Answer] Abu 'Ammar wants Egypt to back his cause, and he wants the Arabs to back Egypt. Accordingly, Abu 'Ammar is looking strategically at Egypt's return to the Arab scene. Strategically speaking, he believes that Egypt's return to the Arabs is the basic and principal way to go. Besides, the war between Iraq and Iran has to be brought to an end so that balance in the position and in the equations of Arab powers can be restored. 'Arafat implements this policy in Egypt and elsewhere whenever he can. He knows quite well that at the present time Egypt cannot stand by him in his dilemma in the same sense that we would understand such a posture. Egypt, however, could stand by Abu 'Ammar and save him from his dilemma when it can put its military and political forces as well as its media on his side. 'Arafat knows that Egypt cannot do that now. He does not come to Egypt crying for help. His visits to Egypt are strategic not tactical. He understands all the limitations that are imposed on Egypt's present

tactical power. He also understands that Egypt has no magical solutions for him at this stage. Let me affirm that 'Arafat does not come to Egypt crying for help. He comes to Egypt for consultations, and he consults with Egyptians so that a framework can be drawn for Egypt's unconditional return to the Arab ranks and for his unconditional return to Egypt.

[Question] Forgive me, Dr Sha'th. I'm not talking about strategies about which we may not disagree. Let me rephrase my question. It was said that the purpose of Mr 'Arafat's previous visit was to send a message to Jordan when Jordan began its rapprochement with Syria because he was afraid that Jordan may revoke the 11 February Agreement. This time, it is being said that 'Arafat came to Cairo to discuss the continuation of the Jordanian-Palestinian role in the next phase after the suspension of the recent talks in Amman.

[Answer] The recent talks in Amman were suspended because of the American role and the intransigent U.S. position. This is what 'Arafat declared, and this is the truth. In the final analysis the United States is the enemy. It is the United States that is leaning on all the Arab powers to induce them to beleaguer the PLO. The United States wants to use different methods to strike the PLO. It is using either political or military pressure to eliminate the organization physically. This became evident when Abu 'Ammar's office in Tunisia was bombed. It became evident in all the defamatory operations that were carried out in the aftermath of the Achille Lauro operation and after talks between Palestinians, Jordanians and the British were suspended. Other things have also indicated that the United States wants to eliminate the PLO. The United States then is ultimately responsible for any stagnation or deterioration of the situation. The recent talks, however, could have been completed if 'Arafat had been willing to surrender. There are Arabs who are willing to surrender, and there are those who accepted Resolution 242 by itself. But 'Arafat can never recognize Resolution 242 by itself because that would mean that he is recognizing in advance Israel's right to exist or that he is recognizing Israel's right to exist indirectly without any affirmation of the Palestinian people's right to determine their own destiny on their own land. 'Arafat can never recognize Resolution 242 unless such recognition is linked with all UN resolutions [in that regard], with all Arab summit resolutions, and with the Palestinian-Jordanian agreement as well.

'Arafat now brandishes that agreement with Jordan whenever Jordanians speak to him about the need to recognize Resolution 242 by itself. Abu 'Ammar has used that agreement in Jordan to protect himself from different pressures and to state that that agreement comprised the right for self-determination, all UN resolutions and all Arab summit resolutions. Abu 'Ammar declares that he is adhering to that agreement. We face a dilemma or we go our separate ways when we are asked to do something different from the agreement that was signed in February 1985. This is something Yasir 'Arafat will not accept. Mr 'Arafat comes to Egypt and goes to different Arab and international countries to tell them, "I am neither suicidal nor adventurous; I am also not reckless about my country's cause, but I have the flexibility to say, 'Here are my practical formulas. These practical formulas, which I presented, adhere to the agreement I made with Jordan. If Jordan wants to depart from the agreement that was signed, that is its own affair.'"



[Question] Let me ask once again about the specific differences between Jordan and the PLO. What are the differences that led to the suspension of the Amman talks?

[Answer] This is the point about which there is a difference: Resolution 242 by itself. There is no other point about which there is a difference of opinion. We absolutely refuse to talk about 242 exclusively. We are willing to talk about any other formulas that affirm the right of the Palestinian people to determine their own destiny and affirm UN resolutions. We don't want anything more. The problem lies in the fact that we are not negotiating with Jordan; we are rather negotiating with the United States through Jordan. We don't have a problem with Jordan, but we do have a problem with Israel over Palestinians' right to determine their own destiny. We don't want anything from Jordan. What we want is our land in Palestine.

[Question] Would sitting with the United States and talking with it be a victory for the PLO?

[Answer] My dear man, the struggle against the enemy is carried out in different ways: some are military; some are in the media; and some are political. The struggle against the United States and against Israel assumes the form of a military confrontation. Thus, sometimes my confrontation with the U.S. enemy is military when that enemy is confronting me militarily. But you also want to force that enemy to recognize you because when you do that you have a small edge. I did not say that talking with the United States would be a major victory. We don't want to sit with the Americans in a coffee shop. Palestinians are meeting with Americans every day, and there are Palestinians serving in the U.S. administration. Palestinian scholars and professors meet with Shultz every day. One meeting or one session with the Americans is not the point; the point is rather to compel the Americans to recognize us and our rights. Talks with the United States would not constitute a major victory, but such talks would compel the enemy to retreat in his confrontation with you. There is nothing more to it than that.

[Question] Is the PLO also willing to sit down with Israel before the international conference?

[Answer] In its relationship with the Israeli enemy the PLO adheres to all the pacts that all Arabs, not just the Palestinians, ought to adhere to. This is not a "holier than thou" attitude: we will not recognize the Israeli enemy in any negotiations, and we will not recognize his usurpation of our land. The problem is how to face the Israeli enemy in a peace conference because the Israeli enemy will be there. When we go to the United Nations we find the enemy there. Discussions take place and the Israeli enemy speaks, and we stand up and respond. The problem has to do with the pact. When I sit with the Israeli enemy at a peace conference, does that mean that I will recognize him? What we are saying is that even that has to be determined by a comprehensive Arab formula that would not allow disunity and back stabbing.

[Question] What will Abu 'Ammar do if Egypt's mediation effort to win approval for any of the three formulas fails?

[Answer] And what will King Husayn do? Abu 'Ammar is not in a critical situation, and we don't have to ask what he will do. Abu 'Ammar's posture and his position are correct; we have not achieved what we are hoping to achieve, and we did not liberate Palestine.

[Question] What will happen to the peace talks and to the international conference?

[Answer] There are 101 channels [for these talks]. There is a trip to the Soviet Union, and the meeting between Gorbachev and Reagan will be held soon. One of the most important items on the agenda for that meeting is the Middle East. The meetings are continuing. In addition, actions inside the country are escalating; our position is good in the Lebanese camps; and the Palestinian position is more unified. A meeting with all Palestinian organizations will also be held soon in Moscow. And efforts are continuing.

[Question] Does this mean that military operations are not being escalated?

[Answer] This will always mean military operations are being escalated. There can be no linkage between military operations and progress toward a peaceful solution, whether or not there is progress toward that peaceful solution. The escalation of military activity is a strategic issue that has nothing to do with talking about a peaceful solution. The escalation goes on. Anyone who opposes such escalation would be opposing his cause in war or in peace. There can be no retreat from that position even if a peaceful solution were being discussed. Escalating military operations will support the Palestinian right.

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9 April 1986

## QATAR

## INFORMATION OFFICIAL VIEWS OFFSHORE GAS FIELD PROSPECTS

Jeddah ARAB NEWS in English 17 Feb 86 p 10

[Article by Abdullahi Sheikh Muhammad]

[Text]

JEDDAH, Feb. 16 — The North Gas Field of Qatar, considered one of the biggest in the world, is expected to yield more than 300 trillion cubic feet of gas as per first estimates, according to a highly placed Qatari Ministry of Information official.

In an interview with *Arab News*, the official said the first phase of production will begin in 1988 and is expected to cover the consumption of gas in the local and Gulf markets. The second phase, expected to commence in 1992, will meet the needs of world markets.

Quoting Sheikh Rashid Awidah Al-Thani, Director General of the Qatari Public Corporation for Petroleum, he said the North Gas Field was discovered in 1971 in the sea lying to the northeast of Qatari peninsula. The field, sprawling over an area of 6000 square kilometers or an equivalent of 2300 square miles, is expected to produce 4,000,000 cubic feet of gas daily over a period of 100 years. This initial production will meet all the needs of Qatar and will further provide some surplus for export to external markets, he said.

On the export of the gas to foreign markets, the official quoted Sheikh Rashid as saying that the transportation of gas to outside markets was costly. As such more revenues are earned from exporting gas to nearer consuming markets. On this basis, Qatar is seeking markets in the neighboring Gulf Arab states for the bulk of its gas production from the North Field.

The cost of the initial phase of developing the field is estimated at over \$1 billion while the total cost of the first and second phases of the project, which would meet the entire local needs and would leave about six million tons of gas for export is estimated at \$5 billion.

As for the time required to start production, the official said, "the engineering work of the first phase aimed at meeting the needs of the local market has gone a long way and initial production covering 80 percent of such needs are expected to begin at the end of 1988.

He said a new company called

"Qatar Gas" has been created to assume the responsibility of exporting the production exceeding the local needs. The new company in which the British Petroleum (BP), the French Petroleum company, CFP and the Japanese company Marubini are taking shares aims to export about 1,000,000 cubic feet of gas daily.

On the economic benefits that the new field might bring to Qatari economy, the official said that it would be very difficult to predict the exact effects. A lot will depend on the continuity of existing prices of gas but all indications show that it will boost the economy of Qatar since it will form another source of income besides oil.

Qatar's oil reserves are expected to last between 20 to 30 years on the basis of current production levels without taking into consideration any new discoveries.

On this basis the gas revenues will no doubt reinforce those of the oil in Qatar during the rest of the century and will certainly be a substitute thereafter, he concluded.

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SYRIA

TISHRIN, AL-THAWRAH ON U.S. MANEUVERS OFF LIBYA

JN200852 Damascus Domestic Service in Arabic 0430 GMT 20 Mar 86

[From the press review]

[Text] The newspaper TISHRIN says: It is no coincidence that escalating Israeli threats to Syria coincide with U.S.-Israeli talks in Tel Aviv to promote their strategic alliance and U.S. military and political moves in the region, especially since the U.S. fleet yesterday began the third provocative maneuvers off the Libyan coast in less than 2 months.

The newspaper explained that accusing Syria of preparing aggression is in itself preparation for Israeli aggression against Syria, especially in light of the Israeli-U.S. coordination.

On U.S. maneuvers and the realities of Arab steadfastness, AL-THAWRAH says in its comment today: The U.S. Navy has begun new provocative maneuvers in the Mediterranean. Justifying the maneuvers, President Ronald Reagan said they come within the framework of the 6th Fleet's routing maneuvers because it would be unreasonable for this fleet to remain idle. U.S. sources have not ruled out that the U.S. ships might enter Libya's Gulf of Sidra during the current maneuvers. This statement confirms that the maneuvers are being carried out for hostile, provocative reasons. The maneuvers are part of a U.S.-Israeli move to threaten the Arab nation and impose hegemony and capitulation on it. They are also aimed at attempting to close off the region militarily in the interest of imperialism and Zionism.

The newspaper explains that the Arab masses fully realize the real objective of the U.S. threats and military maneuvers. These forces are determined to continue confronting attempts to impose hegemony and capitulation on the Arab nation. Threats and fleets will not frighten these forces, because the time in which colonialist forces used to control peoples' fate by force is gone.

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CSO: 4400/139

SYRIA

AL-THAWRAH ON U.S.-WESTERN CONSPIRACY AGAINST OPEC

JN160934 Damascus Domestic Service in Arabic 0430 GMT 16 Mar 86

[From the press review]

[Text] Under the headline "The Oil War and OPEC's Historic Mistake," AL-THAWRAH says: The oil war the United States and Western Europe are waging against the OPEC countries will undoubtedly escalate from now on because its economic and political effects are currently threatening the entire world economic situation, which will be unable to bear the impact of successive disturbances and crises in the international oil market. What is required now is not increasing oil prices but finding a new way to enable OPEC to assume its previous role.

Flooding the world market with large quantities of oil is principally a U.S.-Western game intended to show that OPEC all at once has lost control over the market. Thus, the United States simultaneously devalued the dollar. This step is aimed at complimenting the first step in flooding the international market with oil.

AL-THAWRAH affirms that the problems facing the oil producing countries lie basically in its opportunist dealing with Third World countries, isolating these countries politically and economically and encouraging Western countries to attack them. Although OPEC has practical options to rectify this historic mistake, undoubtedly the entire oil situation will not proceed in its favor until it licks its wounds and makes some necessary sacrifices. At any rate, the developing countries are called upon to accurately and realistically learn the OPEC lesson and move in the correct direction to thwart the tremendous economic pressures by the imperialist camp.

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CSO: 4400/139

SYRIA

AL-THAWRAH COMMENTS ON U.S.-ISRAELI THREATS

JN160853 Damascus Domestic Service in Arabic 0430 GMT 16 Mar 86

[From the press review]

[Text] AL-THAWRAH says: How long will the United States remain deluded that the policy of threatening with aggression can frighten the Arab forces of steadfastness? Moreover, has the United States not yet realized that the time when colonialist countries moved warships or made threats to change the situation in the colonized countries has gone for good? The United States massed its largest ground, naval, and air forces to oppress the will of the Vietnamese people but failed and suffered the worst political and military defeat in its history. Moreover, massing warships and landing U.S. forces in Beirut only led to a new U.S. defeat and the United States was forced to withdraw its forces and fleets without being able to impose its hegemony or Israeli conditions on the Lebanese people.

Today, as the United States moves its fleets with complete coordination and timing with the Israeli threats it will only reap disappointment and failure. This is because the Arab nation and its steadfast forces led by Syria fully realize that their steadfast stand to which they adhere in defending the Arab cause will necessarily place them against the United States and Israel and are willing to shoulder the responsibilities of this stand. In return, the U.S.-Israeli forces of aggression must realize that if the war erupts in the region it will be difficult to predict its outcome or extent which will undoubtedly not be in the interest of the forces of evil and aggression but in the interest of the forces of freedom and the nations struggling to liberate their land and regain their rights.

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CSO: 4400/139

SYRIA

AL-THAWRAH COMMENTS ON SYRIAN RESISTANCE IN GOLAN

JN150825 Damascus Domestic Service in Arabic 0430 GMT 15 Mar 86

[From the press review]

[Text] Today's papers show great interest in the uprising of our people in the occupied Golan and in the news agency reports on the Syrian Arab citizens' intense confrontation of the Zionist occupation forces which has taken the form of angry demonstrations and daily clashes despite the campaign of arrests waged by the enemy authorities. The news agency reports say that the occupation's prisons are filled with Syrian citizens, including men, old people, women, and children. The enemy authorities have also declared a state of emergency in the towns and villages of the occupied Syrian Golan Heights, turned them into a closed military zone and imposed a curfew.

Commenting editorially on this situation under the headline "Significance of Our People's Mounting Uprising in Golan," AL-THAWRAH says: Our people in the Golan have asserted their determination to defeat Israeli occupation and foil its annexation and Judaization plans. They have demonstrated by their solid determination, their strong abidance to the land that they are determined to foil Israeli plans one after the other. Despite its oppressive measures and arrest campaigns, the Zionist enemy has not been able to make our people in the Golan accept Israeli identity cards. These cards were torn to pieces and thrown in the faces of the Zionist occupiers. As for the Israeli annexation decision, its fate has not been any better than that of the identity cards. It has remained ink on paper. This is because the will of our steadfast people in the Golan is stronger than enemy measures. Our people have asserted and defended the Arabism of the land and the citizen.

The paper adds: The attempt by terrorist Shim'on Peres, and later Yitzhaq Navon, to challenge the will of our people in the Golan was faced with a firm reply, indicating our people's strong determination to expel the occupiers. The angry popular uprisings witnessed by the Golan villages of Majdal Shams and Buq'ata is a practical interpretation of the stand of our steadfast country, under the leadership of struggler President Hafiz al-Asad, to liberate the Golan and all the occupied Arab territories and to regain usurped Arab rights. The strong resistance witnessed by southern Lebanon, the Golan, and occupied Palestine is the real starting point for the liberation battle and for achieving final victory over the Zionist occupiers.

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CSO: 4400/139

SYRIA

DAMASCUS RADIO COMMENTS ON FORTHCOMING MURPHY TOUR

JN071325 Damascus Domestic Service in Arabic 1142 GMT 7 Mar 86

[Station commentary]

[Text] Brothers, to confront the latest developments in the region and to foil their potential results, particularly following the armed popular uprising in Egypt against the Camp David accords and the U.S.-Israeli presence on Egyptian territory, the United States began to move in two directions: First, moving fleets and aircraft carriers toward the Mediterranean on the pretext of carrying out new war maneuvers, and second, dispatching envoys on the pretext of supposedly activating the peace process in the region.

U.S. Vice President George Bush's visit as well as the forthcoming tour by Richard Murphy, assistant U.S. secretary of state, come within this framework. The U.S. officials were eager to state that Murphy is not carrying new ideas. This means that Murphy has the same known ideas based on Washington's opposition to holding an international conference and its refusal to grant the right to self-determination to the Palestinian Arab people, as well as its adherence to Camp David and direct negotiations which were contained in the subsequent formulas for U.S. Middle East policy and the Reagan initiative.

This affirms that Murphy's tour, like his previous ones, will focus on attempting to market the known U.S. stands in the region. These declared objectives of the tours of Washington's envoys cannot hide the basic fact that the timing of these tours is also aimed at reassuring the Camp David agents and those running after capitulationist solutions that the United States is still present in the region, that it will not abandon them, and that the policy of separate deals and partial solutions is still the framework to which the Reagan administration adheres to solve the Middle East crisis.

In this context, the U.S. move to absorb the effects of the armed popular uprising in Egypt will not change the real state of affairs. Observers and political experts in the world capitals, particularly in the United States, are unanimous that the Mubarak regime in Egypt has entered the phase of downfall and that the Egyptian regime's crisis is a result of the failure of U.S. policy in the region. This is because what happened to the 17 May agreement at the hands of the Lebanese people and their national resistance constitutes a precedent and an example which are being repeated now and which are crystallized in the uprising of the masses of Arab Egypt, which issued their verdict



on the Camp David accords and on the U.S. and Israeli presence and practically implemented their decision through the current people's uprising that is still continuing despite the repression and arrest campaigns. This in itself is what is worrying the United States and making it fumble about in assessing the events and tackling its Middle East policy. The policy of wielding strength and aircraft carriers cannot succeed in reviving the U.S. policy or in removing it from the obstructed path it has reached as long as this policy continues to ignore the bases of a just peace and tries to foil [words indistinct]. The path to peace in the Middle East, as President al-Asad said, is by putting an end to the expansionist Israeli ambitions and returning usurped rights to their legitimate owners, including the Palestinian Arab people's rights to their territory and homeland and their free right to self-determination and establishment of their independent state.

/8918

CSO: 4400/132

UNITED ARAB EMIRATES

DUBAYY PORT: WIDE-OPEN TRANSIT POINT

Paris LIBERATION in French 7 Mar 86 p 30

[Part 3 of an article by Jean Laleoutien: "Gold-Laden Dhows"]

[Text] From cow-manure to heroin to rare exotic birds, the port of Hamriya is a gigantic bazaar, supplied by deceptively clumsy-looking dhows hailing from Somalia, India, or Pakistan. Among its steadiest customers are the Iranians, eager for refrigerators, innerspring mattresses, and, they do say...light weapons...

The port of Hamriya, in the Arab Emirate of Dubayy, is set aside for vessels carrying sacks and cordage, old coastal vessels pocked with rust, flying spur-of-the-moment flags, and dhows ready to carry any cargo anywhere for anybody. Almost no cargo is taken on at Hamriya, a port whose prime concern is imports. The dhows from Somalia carry goats and pied sheep, in such numbers and so crowded that watching them disembark is very like watching an illusionist turn. From Iran, they carry rosewater, apples, dates, raisins, banana cookies, and paving-stones. India sends the Emirates fodder, fertilizers, Gudjarat onions, fresh fruits in season, and other comestibles.

In addition to raw cotton, licorice in bulk, rice, and the famous Balukistan camels -- renowned for their speed and therefore much in demand for the endless and terminally boring races that are one of the very few officially sponsored entertainments on Fridays-- Pakistan has made a specialty of cow-manure in various stages of processing. Insofar as this manure is abundant, smelly, clumsily packaged, and, dried though it is, uninviting enough to look at that only the very rare inspector is tempted to touch it, it makes an excellent cover for far more rare and precious merchandise.

#### Hashish Stashed in Cow-Manure Shipments

Despite the crusade General Zia is preaching -- and which runs up against the corruption endemic in his government -- Pakistan in fact exports, through the Emirates, ever-increasing quantities of drugs: heroin, opium, hashish, ganja, and bhang [Tcharas], and sundry other mysterious decoctions, mainly originating along the

borders of Afghanistan and Pakistan. Hashish almost invariably arrives aboard a dhow, squirrelled away in consignments of cow manure, rice, or dried fish. Heroin, because it is considerably less bulky, tends to be shipped by air. However, the special columns in the Gulf's daily papers, which daily report the latest drug confiscations, just recently mentioned the discovery of 8 kilos of Pakistani heroin aboard a ship anchored off the port of Fukaira, on Oman's Gulf Coast.

From the Emirates, hashish and heroin -- for which there is little market here -- leave for the Mediterranean, Europe, or the United States: by plane (Dubayy is renowned for its excellent airline connections) or aboard trucks, whole fleets of which daily supply the local markets with fresh produce from the Near East. One Bombay customs officer says drug smugglers used to have very little contact with the gold-smugglers, but these days the gold-smugglers are turning increasingly to the drug-runners for a quick advance of the hard currency they need to make their gold purchases on the London or Zurich markets.

There is something about Dubayy that is reminiscent of Venice in its golden age: this is what might be called a poor-man's Venice, not quite up to Carpaccio standards, perhaps. Yet, even so, you can stumble on the familiar ambiance of some of the Venetian master's paintings on the Creek, where, to mark some important visitor's arrival, the ceremonial dhow, under the chivvying protection of a pack of patrol-boats, unfurls its glorious battleflag, while the turbanned, bearded mullahs preside over mysterious loadings aboard dhows bound for Iran, and representatives of seven or eight peoples from all over the earth haggle on the docks among bundles, crates, and bales of goods of every description. All the treasures of the souk are arrayed on display there all day long, amid an interminable coming and going of trucks, carts, barrows, creepers, and wheelbarrows.

The incessant shifting of goods from hand to hand reminds the observer eerily of an endless but quite peaceable sack. Along more than a kilometer, from the Indo-Suez Bank to the Hotel Sheraton, dhows by the hundreds, often as many as three or four rows of them, cluster together according to their destination: Iran, the Gulf ports, India or Pakistan, Temen, Djibouti, Somalia, Kenya, Zanzibar... Dubayy today is unquestionably the biggest coastal shipping port in the world.

Microwave Ovens and BMWs: Destination: Iran

Amid the thicket of antennae and loading-booms, the practiced eye learns to distinguish among the various types of "boutres": that French term describes none of them, any more than does the British equivalent, "dhows." Just what to call these craft has been the subject of rabid controversy of byzantine complexity and chicanery among numerous writers, mainly British.

For the time being, though, the polemic has lost its savor. Though on rare occasions you might still get the occasional glimpse at Dubayy of one of the "baghlas" or "ganjas" or "Kotias," with their ample, projecting poop-decks and intricately imbricated portholes, instantly evocative of the 17-th century Portuguese ships that first inspired the local shipbuilders, even though the Iranian "boums," with their tapered, elevated foredecks, their lofty antennae, and their rudders operated by a complicated system of chains and pulleys, are undeniably the ones that most closely resemble the ideas we generally tend to have of what a "boutre" should look like, all these craft, which habitually rely on their sails only as the occasional auxiliary and are equipped with powerful engines, would fall under the broad and condescendingly trivializing classification of "launches" or "country craft."

Furthermore, these Iranian "boums" are by far the most numerous among the motley fleet taking on cargo on the Creek. In May 1985 (the most recent date available), 420 "boutres" sailed from Dubayy bound for Iran.

Judging by the plethora of panoramic refrigerators, microwave ovens, cybernetic coffee-makers, and variable-geometry cookware -- and, to a lesser degree, of period furniture and innerspring mattresses -- the lot of the Iranian housewife under the Ayatollah's regime must be a lot more enviable than we have been led to believe. Incidentally, this orgy of top-of-the-line equipment, including video tape-recorders and new BMWs, bears ironic witness to the persistence of social inequality and of the depraved tastes so sternly stigmatized by the turbanned ones.

In addition to the banks with headquarters in Dubayy -- Saderat, Melli, etc., -- which play a major role in the financial transactions of the Islamic Republic, Iran has a shopping center attached to its Dubayy consulate.

Unlike Saudi Arabia, the Emirates, eyeing the Iran-Iraq conflict, have taken care not to put all their eggs in one basket. Persistent rumors mention shipments of light weaponry and some not so light, or of spare parts, which quite recently used the Emirates as a transit point while en route to Iran. The fact remains that a great many official purchasing agents for the Islamic Republic wind up in Dubayy where, quite openly, they stock up on materiel which, while not classed as strategic, will nevertheless contribute to the Iranian war effort. This is true of spare parts for Iran's oilfields, as well as Caterpillar engines (under embargo)... cement, bale upon bale of wire, Toyota pickups and light motorcycles, chemical products -- including antidetonant additive for aviation fuel -- which you can see any day on the Creek, being laden by some very muscular types with shaven heads wearing cast-off paramilitary uniforms, and looking uncannily like Khomeyni's "pasdarans." (It is amusing, incidentally, that the vendors of U.S. military uniforms, of whom there are many on the Creek, are making out like bandits).

The official purchasing agents, who enjoy wide latitude for going wherever they please, sometimes give in to the temptation to make a little extra cash through the privileges that go with their position. American cigarettes -- most particularly, though God knows why, Winstons -- which they buy tax-free in Dubayy, are as good as gold in Iran, and even they are small-change compared with alcohol, which the Emirates import in quantities infinitely superior to their own abstemious consumption.

In return, in Dubayy you can get excellent Iranian caviar for 700 francs per kilo (about a tenth of what the best Russian caviar goes for right now at Petrossian), not to mention Persian carpets by the acre. For the past several months, anybody even marginally interested in fabulous imports from Iran has known about the imminent arrival of a carpet commissioned by the Shah in his glory days: it measures 1,000 square meters, and is locally expected to fetch 15 million francs.

It would be a tedious, not to mention humanly impossible chore to draw up an exhaustive list of what comes into or goes out of Dubayy through this minuscule port. Even so, while our ears are assailed every day with warnings of the imminent danger of the demise of the elephants, and strenuous efforts are made throughout the world to save them from extinction, it is interesting to learn that, by some indications, Dubayy is well on its way to becoming the turntable for the ivory traffic.

Some African signatories to the Washington Convention (on international Trade in Endangered Species), which sets strict limits on their legal exports of ivory, have no qualms about upgrading the bottom line of their monthly budget reports by wriggling around those arrangements. Well, Dubayy, served by "boutre" as well as by plane (two direct flights every week to and from Dar-es-Salam --) maintains numerous contacts in East Africa. Locally, at the highest level, the ivory traders are likely to be Arabs or Indians, many of whom have families or commercial interests in Dubayy. As their contribution, the Chinese who have settled in the Emirates take care of getting that illegal ivory to Hong-King, Macao, or Singapore, where there is an apparently insatiable market for it.

#### Traffic in Rare and Endangered Species

Given all this, Dubayy makes an ideal turntable, and it is hardly surprising that there is an abundance of contraband tusks here. In February 1986, about 40 tons of illicit ivory -- that amounts to 4,000 to 8,000 tusks -- was confiscated in Dubayy; Asian buyers in much greater numbers, however, are now refusing to take delivery of contraband shipments.

Dealers in this kind of merchandise will also offer you zebra or spotted cat skins from Africa, and the skins of tigers, cobra, or deer from India and Pakistan.

Although the Emirates are officially party to the Washington Convention, they do not seem deeply concerned about enforcing its provisions: at Sharjah, a Syrian pet-shop openly offers for sale, along with permanently grounded peregrine falcons, etiolated lemurs, or silver foxes gasping in heat-exhaustion, crowned cranes from East Africa at 6,000 francs per pair (and covered with chicken-droppings because, in cages far too small for them, the shippers don't mind mixing scrub-rags in with the napkins), gouras from New Guinea at 10,000 francs per pair, and a palm Cockatoo, one of the rarest, ugliest, and costliest birds in the world, who rates a perch all to himself, and never mind if he lacks both tail and crest and, in general, everything that makes this grotesque avian monster interesting.

6182

CSO: 4419/14

IRAN

MINISTER DETAILS POLICIES, PROJECTS REGARDING HEAVY INDUSTRIES

Tehran KEYHAN in Persian 26 Jan 86 pp 1, 18

[Text] Economic Service--The policies and new projects for the country's heavy industries for the year 1365 [21 March 1986 - 20 March 1987] were discussed by Engineer Behzad Nabavi, minister of heavy industries.

According to the economic correspondent of KEYHAN, Mr Nabavi, who spoke at yesterday's seminar of the Organization for the Development and Renovation of the Iranian Industries, regarding the planning and budget for 1365 also talked about the new objectives of the policies of the Ministry of Heavy Industries, activating new policies for qualitative and quantitative increase and percentage growth of the domestic goods, execution of the great projects in the upcoming decade of the revolution, the matter of foreign exchange reduction for various industrial units, partial or complete stoppage of production of some units and non-issuance of new principal agreements.

First, Engineer Nabavi pointed out the important role of correct and fundamental planning in the country's industry and stated: The 5-year strategic expansion plan which had been forecast on the basis of \$24 billion annual income and a large rial investment, at the present time with due consideration to the circumstances of the war seems perhaps unexecutable.

Fortunately, in the recent past both in the Ministry of Heavy Industries and in the Organization for Development and Renovation of Iranian Industries more attention has been paid to the matter of planning and as far as possible it has tried to conform the programs to existing realities.

The formation of today's seminar is the result of this belief. If in the past we went through the planning process but in practice could not execute it, it was because all the information pertaining to our planning was contrary to the existing realities and it was but natural that a program or a plan which was formed three or four months before the end of the year did not include or meet the existing realities. And by the time we reached the beginning of the next year many of the components of the said plan would have changed and for this reason there was little or no connection between the plan or the program in question and its execution.

Fortunately, this year we have tried to prepare a kind of program to fit the existing realities. Of course, there are certain times when one goes through

all the motions of programming and all of a sudden the situation in the country changes and forces you to continually readjust the programming and this has been one of our difficulties in the past years.

However, as it was mentioned above this year we tried to do our programming according to the existing possibilities, therefore the formation of this meeting can be very beneficial and effective and all of you ought to prepare yourselves for a confrontation with the unforeseen likelihoods or probabilities of programming. To this end, for a positive drive or move toward the new programs of 1365, the present seminar must not be considered a mere formality.

Sometimes we have meetings in which we merely go through the motions of formality and discuss certain issues with the gentlemen.

God willing, in 1365 we will have the least possible difference between our effectuated programs and the existing realities of our ensuing actions and it is for this reason that with your own participation in the matter of programming and your direct involvement and familiarity with the existing conditions, more than ever before, you will become active in the execution process in 1365.

He went on to add: What I'm going to mention from now on is the accumulation or compilation of the materials which have been gathered during consecutive sessions of the council of deputy ministers and these materials set our future work criteria. The first investigation pertains to the goals of the formation of the Ministry of Heavy Industries as of the very beginning.

The most important issues in the first objective concerned the axes of:

- Increase of the reduced production level.
- Increase of the quality of production.
- And increase in the percentage level of domestic products which was reassessed and we reached the conclusion that in the area of reduced production level we have had a successful increase, as for the increase in the quality of production we were of the opinion that efforts should be made to increase the products which are needed by society. We had a lengthy discussion in this regard as to what are the true needs of our society and what are our roles in determining the pattern of needed consumption in society. Finally, we emphasized the condition for this specific goal that proper consideration should be given to an increase of products which are needed by an Islamic and revolutionary society which is in the middle of a war.

When we revise this objective and say an increase of products which are needed by an Islamic and revolutionary society which is involved in a war--we are paying close attention to the limitations of the circumstances of a war situation and have to do our programming accordingly. For instance, the Khavar Company is working on the production of a special kind of military truck which is badly



needed by our armed forces--this is a kind of military truck about which we have been fighting over two years now to stop its import. We fought and fought so much that the Khavar Company proved that it can produce the same and save us between 37-38,000 or even up to 50,000 Deutsche marks as difference in the foreign exchange earnings. This is the kind of capability which exists in the Khavar Company and so far it has delivered 500 of these trucks with good results, however there is still this pressure from certain circles to import these trucks from abroad.

Another example pertains to the kinds of road building machinery which are being produced domestically at the present time, while on the other hand there are individuals who say that they are looking for those kinds of bulldozers which can do somersault, pirouettes and flip-flops, in short they are trying to force us to go back to importing this kind of machinery.

What I'm trying to say is that this is the prevailing view under the present circumstances when we are doing our best to meet our objectives half way and for this reason we must act quite cautiously in this regard.

No one gives us any consumption pattern, no one is telling us that the production of private passenger automobiles must slow down a bit, however when we decide, for example to bring down the production level of private cars from 130,000 to 55,000 in 1356 [21 March 1977 - 20 March 1978] and later to reduce it even to 30,000 per year no one gives us a hint or a word of support but they put more pressure on us. For instance, we receive one telephonegram after another from the armed forces that says they are desperately in need of 100 or 200 of this god-damn Peykan and that the whole war situation depends on their delivery.

Whatever production we decide to change its consumption pattern is not certain for us whether the society as a whole will confirm or not. On the one hand, we hear them say why don't you try to enhance the quality and quantity of the cars, while on the other this very Defense Ministry wrote us a letter a while ago saying that instead of producing Peykan automobiles and disrupting the city's traffic more why don't you put your efforts into producing more efficient and better trucks for the battlefield. And exactly five days later we received another long letter which requested the delivery of 200-300 Peykan automobiles from the yearly quota of 1364 [21 March 1985 - 20 March 1986] for the employees of the defense department, reasoning that these employees are mostly working or fighting in the war fronts and if we delay the delivery of their cars it might weaken their morale.

Therefore, here I would like to emphasize that our new pattern of consumption must be based on an increase in the production of heavy industries needed by an Islamic and revolutionary society which is engaged in a war, while no one has tried to make an effort and give us any consumption pattern.

At any rate, we try to focus our attention on this axis of production growth which mainly involves the needs of the armed forces. We've made a great effort

in this regard, and as a matter of fact until two or three years ago, they told us that in all countries of the world their industries are totally at the service of the war while it is not so in our country.

Of course we would in turn answer that we ought to be asked so that we could be able to take some action and if no one asks us anything, how in the world can we go ahead and produce military materiel or machinery--this kind of equipment needs to have a use.

Fortunately, the situation has changed from what it used to be one or two years ago and there has been an enormous volume of manufacturing orders placed with the heavy industries. In the current year alone from one section of the budget something like 600 million tomans worth of military materiel orders have been received by the various industrial units covered by the heavy industries which are of course outside and separate from other relevant orders pertaining to this subjoinder.

In a particular case we started to manufacture a special military product in a certain unit and we completed the sample product and made delivery and began producing other such samples, however after a while the shower of criticism began pouring down on us and telling us you have no business making military equipment, you go do you own things and let the military people do theirs.

What I'm trying to say is that the pace of those industrial units which are covered by the heavy industries as regards their service towards the war has been so speedy and hasty in a way that we've been criticized for it.

Therefore, in the programs and future goals, closer attention has been paid to the issue of securing the needs of the war and the battlefield and in actuality it is one of our main objectives during our new phase of work in 1365.

The second point regarding an increase in the volume of production calls for a closer attention to the executive and development projects of the country. The law pertaining to the establishment of the Ministry of Heavy Industries obligates us to coordinate and regularize our efforts in the execution of development projects toward an increase of domestic production or where necessary do so for foreign imports.

To this end, we've been thinking of playing a more active role in 1365, namely we should try to focus our attention on setting up new plants, refineries and power stations where we could both earn more needed foreign exchange and at the same time carry out the fundamental tasks of the country. On the other hand, we are well aware of the fact that the government looks with particular interest after the national projects and those which pertain to the upcoming 10th year of revolution anniversary and for which separate foreign exchange has been appropriated and similarly enjoys the support of the government and there is no doubt that many of our industrial units will become more active as a result of these projects.

Some of the main projects on which our brothers have been working recently consist of the great railway bridge of Bafq-Bandar Abbas project which is unprecedented in Iran, the other is the large power station of Martyr Raja'i and likewise the East Azarbaijan pipe manufacturing plant on which we've entered into a contract with the Ministry of Energy and other smaller and larger projects such as the Mobarakeh Steel Mills, the Seventh Refinery, Gas Refinery of Kangan, etc.

It would seem more convenient to entrust the work of the installation of a power station to a domestic contractor instead of entering into an agreement with a foreign contractor, although there has been some instances of breach of contract in the past. You should not have any fear of going after those contracts which establish a working relationship with a foreign company, be it on an unofficial basis. This is something which was done by the Arak Machinery Company which is involved in the railway bridge of Bafq-Bandar Abbas.

In this particular situation, the Ministry of Roads intended to enter into an agreement with a foreign firm and the matter was discussed at the economic council. Thereafter, it was decided to entrust the Arak Machinery Company with the responsibility. Subsequently, that company entered into an agreement with the firm which had been selected by the Ministry of Roads and succeeded in obtaining the major part of construction assembly and manufacture of the necessary components for the project in question, and the foreign company in this case became only responsible for proper execution of the project.

Another similar example pertained to the Mobarakeh Steel Mills which was planning to import six-axle freight cars for the railroad and Pars Wagon Manufacturing Company undertook the construction responsibility and entered into an agreement with the relevant foreign firm accordingly. Likewise, the Ministry of Roads planned to import passenger railway cars and the same process was followed, and similarly the East Azarbaijan pipe manufacturing plant has acted in a like fashion and entered into the necessary agreement with another foreign firm.

There were also some gentlemen who wanted to import cylindrical fuel tanks which are available in our own factories or there were those who intended to import overhead hoisting apparatus, or power poles from abroad and we stopped them and they have accordingly entered into agreement with the Tachnikan Company in Iran. In this specific case we told the Italian firm that we would make 20 percent of the necessary components in Iran, but that company would have none of that and eventually we all saw that our own factories were capable of manufacturing up to 70 or 80 percent of the components and then we decided to do away with the Italian firm.

#### Signing of An Agreement with Iranian Company

Of course, one should know that there are many problems along the way. For instance, concerning the East Azarbaijan Pipe Manufacturing Company agreement, I received several phone calls from the president who asked why we weren't doing anything about this matter and resolving the situation, otherwise people are

going to raise hell if nothing is done to help the above-stated company. In addition, other representatives of the said province visited my office several times or talked to me on the phone regarding the same subject. I, personally met with the director of the Italian firm twice and suggested that we ought to be allowed to manufacture at least 20 percent of the components in Iran, but he would not accept our proposal under any circumstances until we decided to give the contract to our own Technikan firm in Iran. Although an undertaking like this is at first difficult for our firms, yet it is the beginning of an industrial movement which has to start from somewhere otherwise we will be losers all the way.

Besides, with all our existing difficulties in the country and the problem of foreign exchange, it does not seem proper to entrust all our manufacturing needs with some foreign firm which has more business than it can handle and could care less for our needs. Thus, for this reason we have to give top priority to our war production as far as our future goals and objectives are concerned.

Of course some of our companies have received this invitation quite actively and one such company [Khavar] has ventured into working on a new truck.

We hope that we are not offending anyone when we say that whatever a domestic manufacturer would like to produce or put into production ought to conform to certain rules or accepted standards, and when they test a particular truck's maneuverability in a desert or a swamp, they should know that it is only one aspect or dimension of the test and other technical and scientific dimensions have to be acceptable to the heavy industries authorities, too. In this regard, one military product was quite successful in the naval industries of Bushehr and likewise some of the products of Hepco company for military use.

It is necessary for some companies to take a more active role. For instance, there was a company which was quite unknown to us and the only thing we ever knew about it was the description of its activities which was provided by the armed forces. Other companies in this category are like the Pars Metal, Leyland Motors, Tabriz Machinery Manufacturing Plant, Arak Machinery Manufacturing Plant, Tir-e Pars, The Center for Heavy Industries Research and Moratab Company and so forth.

Here, I have to note that an extensive movement has begun throughout the country in support of heavy industries and related engineering operations of the war fronts. In addition, during the current year a commission in support of this war industrial engineering was formed in the cabinet and that through the same commission a 600 million tomans contract has been signed with those production units which are under the protection of the heavy industries. I can confidently say that so far there is not a single industrial request belonging to the armed forces which has remained inactive and as far as possible all their relevant requests have either been met or are duly being processed.

## Control and Enhancement of Quality

Behzad Nabavi went on to add: The second stage of our work was to focus on the control and enhancement of the production quality and it is a very noteworthy goal which has to be properly taken into consideration. However, as you know there are many internal and external problems associated with this matter, particularly the prevalent or existing culture and besides the bottom line of this dilemma pertains to manpower which has to accept or embrace the movement with a new education.

In one of my visits to any industrial plant I noticed that a worker is required to spray or do the undercoating of 60 Reno trucks a day--this is something which can be done in four hours and not one whole shift. Personally, I timed the undercoating process of one truck and found that it takes one minute and ten seconds to do one truck. Thus, if we add the total we will get a little over an hour. This lack of true interest or enthusiasm by the worker and the indifference of the responsible managers who do not dare to say anything to the workers all lead to a lack of quality in work. Furthermore, the very directors of the plants can be held responsible for the prevalence of such an atmosphere--those directors who are afraid to confront this type of workers--though I personally believe that such confrontations must be encouraged. This is not a political issue at all. There are many plant directors who fire the members of the Islamic Association while at the same time they remain indifferent to a worker who cheats or does not do his job properly. There was another instance where the spot welding torches were locked up and instead the workers increased the amperage of the welding unit so as to be able to finish a job faster without paying attention to the fact that higher than allowable amperage in a spot welding machine will burn out the aluminum.

These kinds of problems need to be decidedly confronted by management since these are not political ones any way. On another visit to Khavar Company at 10:00 o'clock in the morning I noticed that one of the workers was sound sleep on top of a table. I woke him up and ordered him fired. Later on some other people interceded for him to bring him back to work. I explained to them that if you don't fire negligent employees like him then we will have a second Kuwait at home!

Likewise, we are aware of certain other places where the workers set up their cooking at eight o'clock in the morning and take a break at nine, they return to work an hour later and around eleven o'clock stop working again since they have to go for mid-day prayers. At any case, when you add up their total working period you'll see they work only about two hours a day! This is a fault which directly pertains to management and we ought to know that today's managers are not yesteryear's unseasoned or inexperienced managers.

So far what we've done during this period of time at least we've been able to set a goal for the quality of our products and have been able to yell at management and other responsible directors of a production unit to maintain the quality of production and questioning their otherwise negligent attitude. Before whenever we questioned the quality of products they used to say, no it is perfectly

all right, but now with all the available scientific and statistical tools they cannot deny the fact and many are not hesitant to point out to you that we have not yet come a long way as far as enhancement of production quality is concerned. What we've encountered in such reports is that about 80 percent of the problems revolve around manpower-related problems--which starts with management and continues down to the workers.

Of course, there are other instances where as a result of a lack of competition, no matter what quality product is produced by certain production units, no one is going to question their quality not even our armed forces--then in such cases how can we ever bring pressure on and drive home our goal for seeking a better quality product! For example, Mr X can buy a Peykan automobile for 80,000 tomans and right in front of the plant he can sell it for 250,000 tomans, thus you tell me what reason is there to raise the quality?

Are You Interested In Importing Some?

I, personally can discern the problems and through the imposition of certain policies we can bring some pressure to bear; however there are individuals who yearn for an opportunity when we lift some import restrictions and they cannot wait to see that happen. Should we in reality go ahead and do that? The fact of the matter is that this ministry can protect the production quality up to a certain level, be it that it has to take a lot of abuse and put up with some foul languages. Yet this forbearance and tolerance has its limits, too!

All the time we are attacked from interest groups, by government or the Majlis that say with all these hullabaloo and uproar about quality what they get from our production units is nothing but trash-- it would seem much better if we were allowed to import such goods!

Therefore, what I really want to ask the gentlemen is that they should pay more attention to the matter of quality of production and know that the situation has changed slightly--namely the foreign exchange situation or that of production has become so volatile and uncertain that some people are just waiting for an excuse to shut down a plant and resort to other stratagems for imports.

We will publish the rest of the speech of Behzad Nabavi, minister of heavy industries who spoke at the seminar of the Organization for the Development and Renovation of the Iranian Industries tomorrow.

12719

CSO: 4640/214

IRAN

HIGH-LEVEL OFFICIAL DISCUSSES OIL PRICES, REDUCTION OF OUTPUT

Tehran ETTELA'AT in Persian 15 Feb 86 pp 8, 15

[Interview with Deputy Oil Minister Kazem Pur-Ardebili, date and place not specified]

[Text] Economic Service—Following his return last week from Saudi Arabia and the United Arab Emirates, we interviewed Mr Kazem Pur-Ardebili, Deputy Minister of Oil for International Affairs and Commerce, concerning the results of his trip and the talks he had with officials from these countries.

During this interview, Mr Kazem Pur-Ardebili discussed the background for the plot to reduce oil prices and announced the positions of the Islamic Republic of Iran in order to combat this plot. With our thanks to him, we present the text of the interview for our dear readers below.

In the Name of God, the Merciful, the Compassionate. Following the shocks that hit the international petroleum markets in 1973, with the triumph of the Islamic revolution there was a political shock and another major economic change on the world petroleum market. In the second half of 1979 Iranian petroleum exports were cut off following the strikes of the revolutionary period, creating a difficult situation in the oil market. In 1973 the Western industrial countries, faced with the exercise of OPEC's will, began thinking seriously of making maximum efforts to minimize their vulnerability to OPEC decisions. In this connection, the International Energy Agency, formed in 1974, pursued appropriate objectives.

Until prior to the triumph of the Islamic revolution, however, they did not pursue them very seriously. Instead they merely followed a series of policies and procedures. They had taken the preliminary steps for their achievement, but had not achieved any specific results. These goals were entirely directed towards economizing on energy consumption and making maximum use of existing fuel, especially oil. They would also invest in alternate sources of energy in non-OPEC countries, granting loans and credit in this connection to these countries. Plans were also made for efforts in the area of energy forms such as rock coal, natural gas, and hydroelectric and nuclear power, in order to generally increase purchases from non-OPEC countries and make OPEC a last-resort producer to fill gaps in the market after energy needs were met through alternate non-OPEC countries.

This situation led to increased production in non-OPEC countries spurred by high oil prices, especially after the triumph of the revolution. We saw great investments in countries such as England, Norway, Mexico, Oman, and Malaysia, and oil production increased. This was the situation in the non-communist countries. The communist countries, being buyers on the energy market in any case, tried consistently after 1973 to increase their share of the market, and if we

compare the export volume from the communist countries from this year to that of 1985, we find an increase from one million to 2.2 million barrels per day. This figure for increased production includes the Soviet Union, China, Romania, Angola, and the countries in that block. The industrial countries, in addition to the measures already mentioned, also carried out other activities, including the stockpiling of oil in order to minimize short-term oil price pressure, and to be able to resist by playing with these reserves when political decisions are involved. For this purpose they began stockpiling oil so that their reserves reached around six billion barrels at one point, and today the proper figure is perhaps four billion barrels of oil reserves. They can use these reserves whenever they want to put pressure on oil prices. It is even said that last February the industrial countries reduced their own reserves by 1.5 billion barrels per day in order to put pressure on a price which is today causing us problems.

They are actually consuming reserves which they bought at high prices in order to put more pressure on oil prices and minimize the losses caused by stockpiling at high prices by buying cheap oil. This is being done today by the main and principal oil companies as well as the industrial consumer governments. In this connection I must also add that the economic stagnation which prevailed in the industrial world from 1979 to late 1983 was caused by the reduced demand for oil. Likewise, the increase in the price of the dollar against the SDR currency index caused the demand for oil, bought with the dollar, to reach its lowest possible level in this period. The SDR index decreased about 22 to 23 percent against the dollar, resulting in a corresponding decline in the demand for oil. All of these were factors gradually causing increased supply on the oil market in early 1983. The system of codes and rationing was established within OPEC. Talks held in early January of 1983 led to the implementation of a rationing system in March of 1983, and the level of this rationing was constantly adjusted until it reached the current OPEC production limit of 16 million barrels per day.

#### OPEC's Internal Problems

In the course of these events OPEC encountered difficulties, chief among them the gradual reduction of OPEC's share in the world oil market. Another problem was reduced income and a balance of payments deficit for OPEC's member countries. A subsequent problem was the glaring disparity which gradually developed between the official and market prices. In early 1983 this difference was one dollar, increasing later to three to four dollars, and today the figures have reached unimaginable levels. Another problem is the mechanism of rationing for OPEC countries. OPEC was faced with the problem of what mechanism to use to ration its member countries. Should exports be the criterion, or production? Should the export of non-petroleum energy forms be figured in this rationing?

Should the sale of petroleum by-products and refined goods be figured into the rationing? Should the volume of reserves in countries be used as a basis, or their need for currency? Should their population be a focus of attention, or their economic problems? All of these were phenomena which produced discussion and differences of opinion within OPEC, and sometimes the estrangement of its members, diminishing their unity. That unity, which was a priority for raising prices between members and creating a situation with market demand higher than their ability to produce, vanished in this situation. Under these circumstances each country naturally began thinking of its own interests, and surplus production developed in the countries which has no demand. The countries are trying to produce at maximum capacity, and this is partly what has produced differences among member countries. These are the current problems for OPEC members, and in this connection their previous policies continue as before.



In addition to these things, another problem in this regard is the profiteering of governments and oil companies. Companies sought to maximize their prices during these events. The Western countries imposed tariffs on imports of crude oil and by-products, which were decreasing, in order to make up for budget deficits. These reduced budget deficits caused their inflation to reach minimum levels, created employment in their countries, provided them with greater assurance of economic growth, and caused price reductions and increased supply of oil in the world, and these policies intensified the internal crises in OPEC.

Therefore, a group of factors from the union of consumers and the union of producers are following a historic course, each with its own collective and individual motives faced with this situation. Of course this does not mean that OPEC has lost its unity, or that the plans of the industrial nations have brought OPEC to a dead end. However, we think that the industrial world needs oil in any event. Several years' experience has shown that oil is a product that even the advanced industrial countries cannot replace easily at a comparable price. They must pay its real price sooner or later. Pressure cannot be applied indefinitely to the price of oil under artificial conditions.

Concerning the current situation it must be said that within the OPEC countries there are various views being given concerning the organization's problems. Countries like Saudi Arabia have been against price increases all along, on the grounds that oil price increases will lead to increased investment in other other energy forms, and that we must set the price of oil to serve our long-term interests. This may be justifiable for Saudi Arabia, with its vast reserves. However, the Islamic Republic of Iran has always sought to maximize oil revenues for countries within the limits of their needs, and this can be achieved through price increases. Even if we increase our exports one day, under no circumstances should this lead to reduced revenues for OPEC members. We have never been and are not now in any way opposed to OPEC having a larger share of the market, but we do not believe that we should obtain such a share by freeing prices and selling the natural resources of countries, especially the Islamic countries, cheaply to the industrial countries.

#### Positions of the Islamic Republic of Iran on Oil Prices

In view of the fact that I have been following these developments in connection with the oil market, I went to the United Arab Emirates and Saudi Arabia as the representative of Mr Khameneh'i and gave them the views of the Islamic republic of Iran concerning recent petroleum developments. On that trip we told them it is our belief that overall a reduction in oil prices will not give OPEC a significantly greater share of the market. It will only lead to a shifting of shares between countries. Some countries, who do not see themselves bound to OPEC's internal regulations, will adopt various tactics to sell their oil on the international market, and this will reduce the market share for the other countries. Efforts by the remaining countries to regain their own share will encounter price difficulties. Therefore, instead of gaining a greater share of the market, we will end up selling our oil cheaper. We think Saudi Arabia's ability to reduce prices and obtain more foreign exchange is not in the practical interest of all OPEC members. In other words, we do not think OPEC member countries can all increase production enough to make up for price reductions.

In this connection, if an OPEC member country does not consider the interests of the organization as a whole, we think it will be detrimental to the collective interest. The Islamic Republic of Iran has made efforts to confront this trend. About a month ago the Prime Minister announced that we have cut our oil exports in half, and we will continue to pursue this policy. We believe that if OPEC countries exercise some self-control and place the interest of the group above self-interest, OPEC will be able to deal with the artificially high supply and the consumption of reserves by the industrial countries, which have brought unprecedented pressure on oil prices. In the last month

the Islamic Republic of Iran has reduced its oil exports an average of one million barrels, and unfortunately we are seeing excessive exports, sometimes even more than the limits established by OPEC, by some member countries. We believe that this is contrary to the interest of OPEC's member countries. Most of our criticism in this connection is directed to Saudi Arabia, which, according to reliable reports, is dumping almost six million barrels of oil on the market, the major part of which is sales in the "note book" form, or the procedure for recovering the cost of oil by-products. This procedure allows consumers to set prices and is contrary to OPEC policy. Such measures, despite their adoption by some countries, have always been and are distasteful in OPEC. We believe that all countries who have tried to gain a greater share of the market in this artificial market situation have today realized that they cannot gain a greater share of the market, even at the price of reducing their income. We believe that OPEC members must quickly return to their former prices, which guarantee their former incomes. Countries who lack the ability to increase production, since they have huge debts, will suffer the most from this situation. The biggest beneficiaries of this situation are the Western industrial consumer countries.

We believe that the price war, instead of being directed against the industrial consumer countries, or some of the non-OPEC producers, is mainly being waged within OPEC by some members against other members. In the name of competing for a greater share of the market against some industrial countries such as Britain, we have a two-sided game going whose beneficiaries are the industrial countries and one or two OPEC member countries who are profiting at the price of sacrificing their natural interests. The Islamic Republic of Iran has said these things at meetings. It has warned OPEC officials and world public opinion that the price war and the attempt to compete with the North Sea reserves by Saudi Arabia and some other countries is actually a movement that will benefit the industrial countries by providing them with cheap oil to speed their industrial growth, and will probably produce greater revenues for one or two OPEC members, of course at the price of sacrificing national reserves and hurting other OPEC members. This hurts members who either do not wish to give up their reserves cheaply, have debts, or who lack the ability to export more. We think that this is non-cooperation, fragmentation, and to some extent it can be said that it is a way of striking out at the other members of the group.

#### England's Role in Reducing Oil Prices

ETTELA'AT: Today Britain has again rejected OPEC's request that it reduce oil production in the North Sea in order to protect the price of oil. What is the reason for this, and why are some OPEC members following this lead?

[Answer] Britain's announcement that they cannot cooperate with OPEC and cut their production is precisely the continuation of the game, because the benefits of continuing this game are great for the industrial countries, and impossible to ignore.

As for the question of why some countries have been drawn into this process, or are affirming it, we believe that some of them were deceived in the early days into believing that they can increase production by a certain percentage and withstand and compensate for a certain percentage price drop. These countries have now realized that this procedure has not given positive results. They have understood that they were deceived in doing this, and that it only benefits one or two OPEC members.

There were other countries who had no other choice. Although they expressed their opposition to this policy, or remained silent concerning the future of the oil situation, they had no alternative but to submit to the current situation. Nigeria and Indonesia were in this situation. While they did not want to see oil prices reduced so much, they felt that they were caught in a way and must submit.

Some countries, such as Ecuador, Gabon, and sometimes Iraq, who had been expecting to have their export ration increased, consistently violated their OPEC export limits. They thought that by ignoring their export limits and searching for additional markets, they would be able to reach a new export ceiling, which would then become the basis for a new export limit in OPEC.

Of course today these countries can see the great damage they are suffering due to price drops. The same people who created this situation in OPEC are now unable to increase their sales because of the way they sell and the decrease in prices. In the course of this, some other countries, such as Libya and Algeria, whose reserves are limited, who have a chronic and insatiable need for currency, and who cannot increase production, have taken the greatest losses.

Although the Islamic Republic of Iran has abundant reserves and sufficient export capability, it has established a mission and goals with which to confront the plots of world imperialism and some oil exporters. Although it has the ability to enter the fray and gain a just share of the market, it is exercising marketing restraint, and, by reducing its output by more than a million barrels, it is trying to bring prices down as much as possible to a more desirable level.

The Islamic Republic of Iran will continue this policy, and it calls upon all countries who feel they have been hurt in this connection to join voices with the Islamic Republic of Iran in this connection, minimize their production, and to officially announce this matter in order to prevent the pressure on prices which is being brought to bear by some member countries.

We believe that the industrial countries will not be able to consume their reserves at this same rate and intensity, and that one or two OPEC countries who are taking steps to meet their own objectives will not be able to hurt the interests of the other member countries by adjusting export limits and using price-fixing procedures, as was affirmed in the previous session. Although it was agreed in the previous session that countries could pursue a just share of the OPEC market, on the suggestion of the Islamic Republic of Iran emphasis was once again given to the commitment of governments to the observance of prices and export limits. Unfortunately, however, we have seen that some countries, seeking a greater share of the market, have deviated from prices and export limits.

#### Effects of Drop in Value of Dollar

ETTELA'AT: What are the effects of the drop in the price of oil, and, concurrent with that, the drop in the value of the dollar, on oil-producing and consuming countries?

[Answer] We are now seeing a decline of the value of the dollar against European currencies, which makes the effects of the reduction in oil prices very sensitive and sometimes intolerable for exporters, and the economic effects are again in America's interest.

It appears that the drop in the value of the dollar against European currencies, and, concurrently, the drop in the value of oil, was a great service, and the adoption and continuation of this policy has served the interest of American imperialism, so that Reagan has seen this movement as a catalyst for economic growth in the industrial countries, especially America.

He has also said that this is a movement that is bringing OPEC to its knees and making it repent. This policy has also made up most of America's balance of payments deficit again because of increased import duties on crude oil imports, as well as the taxes on the profits of the major oil companies. This will have anti-inflationary effects for America's domestic policy and will facilitate its economic growth, which is expected to be three percent in the current year.

#### Reduced Prices for Western Industrial Products

ETTELA'AT: It is sometimes optimistically said that perhaps the effects of reduced oil prices will have an effect on the foreign exchange expenditures of third world countries, which are mostly spent to export products of this kind, because of the reduced cost of Western industrial products. What is your view concerning this?

[Answer] I believe that if we look at a comparison of oil prices, we will see that the price of 28 dollars per barrel is actually \$5.50 per barrel at 1973 prices when adjusted for inflation. This shows that the efforts by industrial countries to purchase the resources of countries at cheap prices will have no effect on the price of industrial products. We do not view this policy of the Western countries solely in terms of oil. A look at the situation in other third world countries, their basic minerals, and the drop in the prices of these minerals in the last three or four years shows that pressures have been increasing regularly and that products such as sugar, copper, coffee, metals, and oil have been consistently under pressure and their prices have been brought down by industrial countries. This drop in prices has been used as an organizing factor for treating the chaos in the economies of the industrial nations, and it has been exploited. At the price of the low-cost purchase of raw materials from third-world countries, the West's economic problems such as inflation, unemployment, and stagnation have been resolved to an extent.

Concerning currency values, I noted that from 1980 to 1985 we saw the dollar increase 22 percent against the SDR currency index, and this caused reduced demand. If we compare 1985 prices with those of today, however, it had decreased 23 percent. The 22 percent increase over a four year period and this 23 percent decrease during one year shows that this one-year decrease happened because of the pressure on oil prices.

#### Predicted \$15 Per Barrel Oil Price

ETTELA'AT: Economic circles in Kuwait predicted a \$15 per barrel price for oil in the current year. To what extent can this prediction be realized?

Unfortunately, some OPEC members, by predicting oil prices consistently below current levels, have created an atmosphere of delayed demand in the market, which can automatically play a part in lowering prices. If we look carefully at the news, we can see which country's officials are making most of these predictions.

These are the countries who are imposing these circumstances on the OPEC market. We think that all OPEC member countries are aware enough to realize who the people are who are causing repeated decreases in the price of oil with their remarks, and who have prevented self-control and patience on the part of the other members by putting more oil on the market.

I do not believe that these countries can continue this course indefinitely. We will give our positions on this at the next OPEC meeting in mid-March, and we will mention all of the obstacles which have created this chaos and which have been perpetrated by one or two countries under

false pretenses, and followed by some countries optimistically expecting increased revenues. We will not allow these policies to be established permanently by a few countries to the detriment of the interest of the organization as a whole. We are sure that the nations of the OPEC member countries are watching the movements of governments and their decisions to protect national interests, and that they will not allow some governments to sacrifice one country's interests for those of some other countries.

We have given such warnings to some of these countries and we hope that the experiences of the last month or two have been enlightening for other OPEC member countries who have all been hurt by this process, helping them to understand the positions of the Islamic Republic of Iran, which we have stressed repeatedly, based on price maintenance, observance of export limits, preservation of unity, establishment of regulations among members, and securing the interests of the group. We have announced that if anyone within OPEC pursues his own interests, it will hurt all the other members. If we cannot reach an agreement, no one will be able to lay the responsibility for the damage on anyone else.

Countries are claiming that the lack of steadfastness by some other members in the past has led them to make decisions in their own interest, but we think this is no more than an excuse, and that we must encourage all members to observe OPEC's internal regulations and maintain its unity.

ETTELA'AT: Grisanti, Venezuelan Minister of Oil and OPEC president, proposed a meeting of OPEC in late March. To what extent do you think this meeting will be able to arrest the decline in oil prices?

[Answer] Any kind of consultation and contact between OPEC members is strictly within the organization. We think any kind of fragmentation and separation among members is unacceptable; for this reason we have tried to contact all members, and at different levels. Our views as presented to the Persian Gulf countries, Latin America, Latin America, the Far East, and Africa show that the Islamic Republic of Iran seeks solutions to serve the maximum interest of OPEC member countries. We believe that so far contacts of this type have been able to clarify some of the ambiguities and misunderstandings which have come about through error.

#### Reduced Demand for OPEC Oil

ETTELA'AT: It is said that the demand for OPEC oil is declining, and that this in itself is reducing prices. To what extent is this true?

[Answer] The notion that the demand for OPEC is constantly declining, in view of the fact that the member countries violate their export limits and that there is a difference between real demand and the amount being marketed by OPEC, which is the primary reason for the decline in prices, arises from a certain way of looking at problems, analyses, and statistical and intelligence reports. Concerning the question of how much demand there will be for OPEC oil in 1986, the figures given are from 14.5 to 16.6 million barrels. We believe that this demand cannot be less than it was in the previous year, in view of the projected rate of economic growth for the industrial countries, and therefore projected figures which are lower than those of the previous year are misleading, and are used solely for the purpose of putting downward pressure on oil prices. Figures such as 16.6 million barrels for 1986 are reasonable, and existing limits in OPEC are around 16 million barrels. Consequently, there is the complete possibility of maintaining prices without raising export limits. The claim that OPEC has marketed 18 million barrels is not realistic. OPEC has marketed something between 17 and 17.3 million barrels, and demand has been between 16.5 and

16.7 million barrels. The difference is not so great as the claim that we have marketed 18.5 million barrels for demand of 14.5 million barrels. This 3.5 million barrels of surplus naturally imposes such prices. What has created the extra surplus is the consumption of oil stores by the industrial countries, which they have consistently attributed to imaginary excess production by OPEC. In practice, they have caused some countries to seek a greater share of the market for themselves, following "note book" procedures and measures to lower prices.

We consider any kind of surplus sales by OPEC members at this stage when prices have been pushed down by the industrial countries to be a betrayal of the aspirations of OPEC. We expect all member countries to observe their export limits and to avoid any measures which allow the consumer the leverage to set prices. We are sure that under such conditions oil prices will not remain where they are, but will rise to a more desirable level, provided that unity, observance of internal regulations, and adherence to export limits are maintained within OPEC.

ETTELA'AT: The Indonesian Minister of Petroleum (Subroto) believes that a just share of the market for OPEC can be obtained by setting two production limits per year, and that the necessary adjustments could be made for seasonal demand in this way. What is your view concerning this?

[Answer] Of course the claim that is sometimes made concerning seasonal demand is correct, and it is possible that the demand for OPEC oil is less in the second and third quarters of the year. The figures being projected for the second and third quarters of next year are perhaps relatively lower, and we believe it is logical that member countries want different seasonal limits, and that this may be used to obtain agreement between members and persuade them to sell less in some seasons and compensate in other seasons. This may be a way to adjust export and sales limits among members and minimize disagreements, gaining agreement among countries in accordance with market conditions. We believe that OPEC's long-term strategy, as before, must be based on maximizing the income of member countries from their reserves and minimizing this level of existing income for countries. We also call for a true recognition of the price of oil, which is still in demand on the international oil market as a form of non-replaceable energy, and will continue to be. Contrary to the views of the industrial countries, who claim that oil is something to be traded on the market like any other industrial good, oil is not like other goods, and it has its own price on the market.

ETTELA'AT: Some of the Western media claim that Iran's reduced exports are due to problems arising from the imposed war. What are their objectives with this type of propaganda?

Of course when the Islamic republic's decision to reduce oil exports was announced, some of the Western media, especially those from countries who benefitted from the fall in prices such as England, announced in their media that Iran had cut its oil exports because of military problems and problems with its installations, while portraying it as a voluntary matter. These ideas and propaganda are given solely to minimize the effects of Iran's acts, because Iran's decision could have a special effect on prices. The continuation of this policy by the Islamic Republic of Iran shows that such views are completely without basis, that the Islamic Republic of Iran has complete control of its export capability, and that it has reduced its exports today solely to deal with what we are seeing in the market. Of course we believe that the real effect of such restraint on the part of the Islamic Republic of Iran will be greater when other countries adopt our policies in order to deal with such circumstances, and that prices will rise to a desirable level again when the amount of oil on the market is reduced. The propaganda of the Iraqi regime that it is

damaging Iran's export facilities, and its repetition, proves the baselessness of these claims. They have announced several times that they have totally destroyed Khark Island, while consumers can see that supply and export security are always fully available to them.

Of course today the Islamic Republic of Iran, with its recent attacks on the Iraqi regime's positions at Faw Harbor and the Petroleum installations there, and its fully established presence position in these areas, show that there is a difference between false claims and what is really happening at the war fronts.

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PAKISTAN

FOREIGN AID SAID BECOMING 'HEAVY BURDEN'

Karachi DAWN in English 13 Mar 86 p 7

[Article by Sultan Ahmed]

[Text]

WHEN a country has to borrow heavily from a big power, principally to repay the large old loans, it has come to very critical stage. That precisely is the stage to which Pakistan has come after 35 years of foreign aid, beginning with the tiny 1.2 million dollars under Point Four programme and ending with the current package of 3.2 billion dollars for six years, ending 1987, from the U.S. alone.

Like all addictions which is not properly diagnosed and treated the aid addiction too demands more and more of the drug to keep the patient going. So we had facilely asked for a doubling of the U.S. aid to 6.5 billion dollars for the next six years. The US is not able to oblige us to that extent because of the budgetary cuts enforced by the U.S. Congress. In fact the U.S. administration rather embarrassed by such a large publicised request and the disappointment that has followed the visit of Finance Minister Yaseen Wattoo to Washington. Mention of that amount by Pakistani officials has hence become taboo.

Earlier when the current package of 3.2 billion dollars was announced there was real jubilation in official circles, but now after

much of that aid has been used, principally to buy defence equipment there is the lament that two billion dollars out of that has to be repaid in the next six years as principal and interest at commercial rates and that would become a very heavy burden on the country in the coming years.

### Heavy burden

So it is agreed that unless aid under the new package is doubled to 6.5 billion dollars the country will be in serious financial trouble. Pakistan's request for doubling the aid also made a provision for inflation in the U.S. which would reduce that aid in real terms by 1.2 billion dollars. On this basis, after the repayment of two billion dollars during the next six years and adjusting for inflation, the net aid receivable by Pakistan would have been only 3.3 billion dollars — almost the same as the current package.

But it has been indicated in Washinton that the new package may not exceed four billion dollars, and may even be only 3.5 billion dollars. Islamabad's contention is that even if the new package is four billion dollars net aid receivable would be only 800 million dollars for six years — an average of 132 million dollars per year which, in the language Gen. Zia-ul-Haq used for the small aid offered by President Carter, would be "just peanuts."

Many critics of such foreign aid argue that it is wrong to call receipts of such kind as aid, and it is in fact loans repayable with in-

terest which have too many strings, including the political ones. And they are not wrong. The nature or composition of what is usually called aid has been changing rapidly over the decades.

In the 1950s 77 per cent of the foreign aid came as non-repayable grant; in the 1960s it dropped to 38 per cent and in the 1970s it had

dwindled to 13 per cent due to the world oil crisis and recession in the donor States. In the first half of 1980s it increased to 26 per cent, largely because of relief to the Afghan refugees. Even when Pakistan had to pay a political cost because of involvement in the Afghan crisis 74 per cent of the aid received is repayable with interest. So what we are dealing with are largely loan transactions. And the net loan repayable now is around 11 billion dollars.

Some Government officials dismiss Pakistan's outstanding foreign debt as insignificant as Brazil has a debt of 100 billion dollars, Mexico 92 billion dollars and Argentina 40 billion dollars. But what matters is not only the size of the debt but also the size of the economy and the capacity to repay, and the current and future aid needs. So if Mexico's or Brazil's debt makes ours seem small that is not a matter for relief particularly when we are asking for the next six years an amount equal to 6 per cent of the debt which we took 35 years to accumulate.



## Foreign debt

It has been reported that what Pakistan expects during the next six years from all sources as aid is 20 billion dollars. And such a large amount would be forthcoming, including from the World Bank and IMF, only if the U.S. is ready to give us 6.5 billion dollars. Otherwise there may be corresponding or somewhat similar reduction of aid from other sources. That means what we are aiming at is nearly double our outstanding foreign debt as aid for the next six years. All that seems awfully alarming in view of our poor input-output ratio in the area of aid-utilisation.

Dr. Mahbubul Haq has asked following his return from a meeting of the Aid-to-Pakistan Consortium in Paris in 1984 who would not bargain for more aid if he could get that at 4 per cent interest, along with a maturity period of 30 years, and a grace period of 10 years?

But the big question is: what have we really achieved out of the total aid of 20.1 billion dollars utilised until December, 1984, out of the committed aid of 24.1 billion dollars until then? If the terms of the aid are as sweet as he mentions, how is it that we have to pay a billion dollars as principal and interest annually now, which even the State Bank of Pakistan cautions is a heavy burden on the strained economy.

Even more relevant it is to ask that if 60 per cent of the aid utilised was on projects and 28 per cent out of that 20.1 billion dollars came as grants, why has not those projects generated the capacity to repay those loans? Why have we to borrow far more money simply to repay those loans? How long will this process continue? If the old modest aid did not generate the financial capacity to repay the loans, will the far larger loans sought now generate a larger repayment capacity? That appears exceedingly unlikely as we are proposing to borrow far more — 20 billion dollars in the next six years — to repay much of the old debt.

We are clearly in an awful bind as our foreign exchange earnings have been going down. Of course, the exports are said to have risen by 18 per cent during the last seven months because of the staggering

record cotton output of 7 million bales. And if the declining home remittances had gone up by 10 per cent during the first half of this financial year it could be because many Pakistanis are returning home with their entire savings. So such notable gains cannot be a normal feature in future years.

In fact, we have problems on both fronts. There is the Pakistani currency shortage to repay the loans because of falling revenues and soaring official expenditure. Reports that contrary to the binding statement of Dr. Mahbubul Haq that there would be no deficit financing or printing of notes for Rs. 1,800 crores last year, there would be deficit financing to the extent of Rs. 600 crore this year are disquieting. And there is the foreign exchange problem as well after the foreign exchange reserve was virtually wiped out by the beginning of this financial year.

So how are we going to cope with a situation if rising soaring aid goes hand in hand with falling net receipts because of the sharp rise in repayments? In 1977-78 net aid receipts were 56 per cent but it dropped to 22 per cent in the following two years, then it rose to 29 per cent but only to crash to 13 per cent the following year, and in 1984-85 it stood at 21 per cent of the total aid. Let us not forget that the net aid is so small even when we are involved in the Afghan crisis and we are burdened with three million Afghan refugees, and whatever relief comes for them is billed as aid to Pakistan.

It has become obvious that if it is not difficult to ask for larger aid it is often not too difficult to commit more aid in our kind of environment. Too much of the aid committed gets stuck in the ever swelling pipeline, and the total in it appears to have reached nearly five billion dollars. Dr. Haq sought to overcome this problem by asking for more of commodity aid which is instantly cashable than project aid which takes time to finalise. But evidently the U.S. is interested in specific projects because of the publicity and national recognition of the aid they can engender.

## Defence credit

It was indiscreet on the part of our officials to mention jubilantly the figure of 6.5 billion dollars they were seeking for the next package. They said half of that was for defence purchases and the other for economic assistance. And the defence credit this time is to be on concessional terms instead on the market rate of interest as for the current package. The defence part got a great deal of publicity in India and made the Indian Government exert a good deal of pressure on the U.S. administration and influence the Congress. Clearly the Indian effort is to check larger U.S. defence supplies to Pakistan and the more sophisticated equipment from coming here.

Currently instead of increasing the future aid the U.S. administration has been forced to reduce it by 29.4 million dollars in the current year's aid because of the 4.3 per cent budget cut demanded by the Gramm Rudman-Hollings legislation. And this certainly is the right time for the nation and the Parliament to have a full debate on aid, its utilisation and the return from it, instead of leaving a huge burden on future generations for no fault of theirs.

PAKISTAN

SBPF LEADER CRITICIZES DEFENSE BUDGET

Karachi DAWN in English 12 Mar 86 p 3

[Text]

LONDON, (By mail): Mr Abdul Hafeez Pirzada, a leader of the Sindhi-Baluch-Pushtoon Front, has alleged that the People's Party has succumbed to the "blackmail" of the country's largest province.

In a written statement, Mr Pirzada declared that by demanding mid-term elections under the 1973 Constitution and asking General Zia-ul-Haq to resign PPP has given a clear message to the Army leaders that the fight with the President is personal and their institution is not threatened.

The SBPF leader also criticised the defence and economic policies of the Government. He alleged that Pakistan spends the highest percentage of GDP on defence in Asia.

"Pakistan's declared policy is that it has no designs on its neighbours and, therefore, does not need any offensive capability," he

pointed out. He emphasised the need to define the country's defence requirements.

Mr Pirzada spoke of the "indebtedness and economic enslavement" of the people. "Today the burden of external debt on the average Pakistani family of five persons is more than Rs 15,000 which surpasses its potential earnings for a whole year," Mr Pirzada said.

He added that the educational institutions are in a state of utter collapse. Hospitals and medical facilities have ceased to exist. Drugs and medicines are spurious. Drinkable water is a luxury and there are no resources to combat salinity and waterlogging. The constraints on power generation are severe.

The SBPF leader alleged that the "exaction is the harshest on the small nationalities".

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PAKISTAN

## LEADER PLEADS FOR RIGHTS OF SMALL PROVINCES

Karachi DAWN in English 12 Mar 86 p 4

[Text]

LAHORE, March 11: Mr Mairaj Mohammad Khan, Chairman, Qaumi Mahaz-i-Azadi, has said that smaller provinces must get their due rights otherwise national unity will be gravely imperilled.

Addressing a large meeting of lawyers sponsored by the Lahore District Bar Association, with the Bar President, Malik Mohammad Amin, in the chair, Mr Mairaj called on the "oppressed" people of the Punjab to march with "caravans of national democracy" in other provinces and overthrow the present exploitative system. He spoke at length on the political, constitutional, economic and social history of the country, and said that the imperialist influences had been allowed to take root in all the aspects of national life since 1954. According to him neo-colonialism had played havoc with the country and all national institutions had been made subservient to the imperialist interests.

Mr Mairaj, who is also the Joint Secretary of the MRD said that the 1973 Constitution which enjoyed national consensus had been replaced by an entirely new document which concentrated all power in the President. He said that the President had first destroyed the Constitution with the promulgation of the Provisional Constitution Order in 1981, and then buried it under the debris of his own amendments which he got indemnified by a non-party National Assembly.

Mr Mairaj Mohammad Khan alleged that the election scheme, starting from the referendum, had been devised at Washington because the imperialist powers had now adopted a new strategy of keeping the autocratic establishments in the Third World intact with a share in power for selected puppets.

However, he opposed the demand for a new constituent assembly (without referring to the NDP) and said that the MRD, which enjoyed popular support, would continue its struggle for the revival of the 1973 Constitution.

The QMA leader said that he was opposed to the concept of a confederal structure for Pakistan, but it was also a fact the Lahore Resolution of 1940 envisaged independent Muslim states. According to him the slogans like a confederal Pakistan and Sindhudesh were being heard because small nationalities had been denied their political, economic, social and cultural rights. The situation was particularly critical in Sind where the people had been made to believe that the people of the Punjab were responsible for the plight.

**FOREIGN POLICY:** He said Pakistan's foreign policy was being dictated from Washington. All American aid had political strings attached to it. The Government had conceded 3,500 square miles of territory in Siachen Glacier region and the Western Press was talking

of the possibility of the US taking over command of the Pakistan Armed Forces in case of any emergency situation in the Middle East. He said that the MRD and the QMA favoured the withdrawal of Soviet troops from Afghanistan, but after bilateral talks with Kabul and an assurance of non-interference in the internal affairs of that country. He pleaded for a genuine non-aligned foreign policy to serve the national interests.

Mr Mairaj Mohammad Khan criticised the Islamisation policy of the regime which, he said, was projected for the perpetuation of the regime "and nothing else". He said that the policy had already resulted in sectarian upsurge and had promoted fanaticism.

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PAKISTAN

MARITIME DEAL SIGNED WITH SRI LANKA

Karachi DAWN in English 13 Mar Business Supplement p I

[Text]

KARACHI, March 12: A maritime agreement was signed here on Wednesday between the governments of Pakistan and Sri Lanka to promote cooperation in the field of maritime transport.

The two sides will promote participation of their vessels in the seaborne trade between the ports of the two countries in accordance with the principles of equality and mutual benefit.

Under the accord vessels of either contracting party including chartered vessels, will carry the total seaborne trade between Pakistan and Sri Lanka on the basis of 50:50 sharing as to lifting and earnings.

The vessels of the two sides will also be allowed to participate within 20 per cent of the total trade volume in the liner trade between one of the contracting parties and a third country.

The agreement was signed by Mr W.L.P. De Mel, Secretary Sri Lanka's Ministry of Trade and Shipping and leader of the Sri Lanka delegation and Captain Iqbal A. Khan, Director Ports and Shipping wing of the Federal Ministry of Communications.

The signing ceremony which held at PNSC headquarters, was attended by PNSC Chairman Rear Admiral A. Waheed Bhombal and Vice Chairman of PNSC Mr S.I.H. Naqvi.

**SIGNIFICANT STEP:** Speaking

on the occasion Rear Admiral A. Waheed Bhombal said the signing of the maritime agreement was an important step forward in further promoting and consolidating cooperation in the shipping field. He hoped the agreement will be speedily implemented.

**COOPERATION:** Mr Bhombal informed the Sri Lanka delegation that the PNSC was ready to help the Ceylon Shipping Corporation in any field in which such assistance was required.

Mr De Mel in his remarks before initialling the agreement hoped the cooperation in the maritime field will grow steadily. He said this agreement was long overdue and its signing was a happy occasion.

He also thanked the Government of Pakistan and the PNSC for providing expertise to his country in the field of shipping and said, the success of Ceylon Shipping Corporation was largely due to the technical help given by the PNSC.

Capt Iqbal Ahmed said the agreement was a big step in promoting shipping and trade between the two friendly countries. He assured the Sri Lanka delegation that they would always find Pakistan a positive partner.

Members of Sri Lanka's delegation including Sri Lanka Trade Commissioner, Mr V. Sabapathipillai were also present on the occasion.—PPI

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END